
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED October 31, 2019
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD OF _____ TO _____.

Commission File Number: 001-33125

SILVER BULL RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Nevada
State or other jurisdiction of incorporation or organization

91-1766677
(I.R.S. Employer Identification No.)

777 Dunsmuir Street, Suite 1610
Vancouver, B.C. V7Y 1K4
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(604) 687-5800**

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.01 Par Value
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of January 13, 2020, there were 236,328,214 shares outstanding of the registrant’s \$0.01 par value common stock, the registrant’s only outstanding class of voting securities. As of April 30, 2019, the aggregate market value of the registrant’s voting common stock held by non-affiliates of the registrant was approximately \$18.3 million based upon the closing sale price of the common stock as reported by the OTCQB. For the purpose of this calculation, the registrant has assumed that its affiliates as of April 30, 2019 included all directors and officers.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the 2020 annual meeting of shareholders are incorporated by reference in Part III of this Annual Report on Form 10-K.

SILVER BULL RESOURCES, INC.
ANNUAL REPORT ON FORM 10-K
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When we use the terms “Silver Bull,” “we,” “us,” or “our,” we are referring to Silver Bull Resources, Inc. and its subsidiaries, unless the context otherwise requires. We have included technical terms important to an understanding of our business under “Glossary of Common Terms” at the end of this section. Throughout this document we make statements that are classified as “forward-looking.” Please refer to the “Cautionary Statement Regarding Forward-Looking Statements” section of this document for an explanation of these types of assertions.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K includes certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the United States Private Securities Litigation Reform Act of 1995, and “forward-looking information” within the meaning of applicable Canadian securities legislation. We use words such as “anticipate,” “continue,” “likely,” “estimate,” “expect,” “may,” “will,” “projection,” “should,” “believe,” “potential,” “could,” or similar words suggesting future outcomes (including negative and grammatical variations) to identify forward-looking statements. These statements include statements regarding the following, among other things:

- Future payments that may be made by South32 under the terms of the Earn-In Option Agreement;
- Prospects of entering the development or production stage with respect to any of our projects;
- Our planned activities at the Sierra Mojada Project in 2020 and beyond;
- Whether any part of the Sierra Mojada Project will ever be confirmed or converted into SEC Industry Guide 7 – compliant “reserves”;
- The requirement of additional power supplies for the Sierra Mojada Project if a mining operation is determined to be feasible;
- Our ability to obtain and hold additional concessions in the Sierra Mojada Project area;
- Whether we will be required to obtain additional surface rights if a mining operation is determined to be feasible;
- The possible impact on the Company’s operations of the blockade by a cooperative of miners on the Sierra Mojada property;
- The potential acquisition of additional mineral properties or property concessions;
- Testing of the impact of the fine bubble flotation test work on the recovery of minerals and initial rough concentrate grade;
- The impact of recent accounting pronouncements on our financial position, results of operations or cash flows and disclosures;
- The impact of changes to current state or federal laws and regulations on estimated capital expenditures, the economics of a particular project and/or our activities;
- Our ability to raise additional capital and/or pursue additional strategic options, and the potential impact on our business, financial condition and results of operations of doing so or not;
- The impact of changing foreign currency exchange rates on our financial condition;
- The period during which unrecognized compensation expense is expected to be recognized;
- Whether using major financial institutions with high credit ratings mitigates credit risk;
- The impact of changing economic conditions on interest rates;
- Our expectations regarding future recovery of value-added taxes (“VAT”) paid in Mexico; and
- The merits of any claims in connection with, and the expected timing of any, ongoing legal proceedings.

These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties and our actual results could differ from those expressed or implied in these forward-looking statements as a result of the factors described under “Risk Factors” in this Annual Report on Form 10-K, including:

- The continued funding by South32 of amounts required under the Earn-In Option Agreement;
- Our ability to obtain additional financial resources on acceptable terms to (i) conduct our exploration activities and (ii) maintain our general and administrative expenditures at acceptable levels;
- Our ability to acquire additional mineral properties or property concessions;
- Results of future exploration at our Sierra Mojada Project;
- Worldwide economic and political events affecting (i) the market prices for silver, zinc, lead, copper and other minerals that may be found on our exploration properties (ii) interest rates and (iii) foreign currency exchange rates;
- The amount and nature of future capital and exploration expenditures;
- Volatility in our stock price;
- Our inability to obtain required permits;
- Competitive factors, including exploration-related competition;
- Timing of receipt and maintenance of government approvals;
- Unanticipated title issues;
- Changes in tax laws;
- Changes in regulatory frameworks or regulations affecting our activities;
- Our ability to retain key management, consultants and experts necessary to successfully operate and grow our business; and
- Political and economic instability in Mexico and other countries in which we conduct our business, and future potential actions of the governments in such countries with respect to nationalization of natural resources or other changes in mining or taxation policies.

These factors are not intended to represent a complete list of the general or specific factors that could affect us.

All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. You should not place undue reliance on these forward-looking statements.

Cautionary Note Regarding Exploration Stage Companies

We are an exploration stage company and do not currently have any known reserves and cannot be expected to have known reserves unless and until a feasibility study is completed for the Sierra Mojada concessions that shows proven and probable reserves. There can be no assurance that our concessions contain proven and probable reserves and investors may lose their entire investment. See the “Risk Factors” section below.

Glossary of Common Terms

The following terms are used throughout this Annual Report on Form 10-K.

| | |
|---|---|
| <i>Concession</i> | A grant of a tract of land made by a government or other controlling authority in return for stipulated services or a promise that the land will be used for a specific purpose. |
| <i>Exploration Stage</i> | A prospect that is not yet in either the development or production stage. |
| <i>Feasibility Study</i> | An engineering study designed to define the technical, economic, and legal viability of a mining project with a high degree of reliability. |
| <i>Formation</i> | A distinct layer of sedimentary rock of similar composition. |
| <i>Mineralized Material</i> | Mineral bearing material such as zinc, silver, gold, lead or copper that has been physically delineated by one or more of a number of methods, including drilling, underground work, surface trenching and other types of sampling. This material has been found to contain a sufficient amount of mineralization of an average grade of metal or metals to have economic potential that warrants further exploration evaluation. While this material is not currently or may never be classified as reserves, it is reported as mineralized material only if the potential exists for reclassification into the reserves category. This material cannot be classified in the reserves category until final technical, economic and legal factors have been determined. Under the U.S. Securities and Exchange Commission's standards, a mineral deposit does not qualify as a reserve unless the recoveries from the deposit are expected to be sufficient to recover total cash and non-cash costs for the mine and related facilities and make a profit. |
| <i>Mining</i> | The process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product. Exploration continues during the mining process and, in many cases, mineral reserves are expanded during the life of the mine operations as the exploration potential of the deposit is realized. |
| <i>Ore, Ore Reserve, or Mineable Ore Body</i> | The part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. |
| <i>Reserves</i> | Estimated remaining quantities of mineral deposit and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: <ul style="list-style-type: none">(a) analysis of drilling, geological, geophysical and engineering data;(b) the use of established technology;(c) specified economic conditions, which are generally accepted as being reasonable, and which are disclosed; and(d) whether they are permitted and financed for development. |
| <i>Resources</i> | Those quantities of mineral deposit estimated to exist originally in naturally occurring accumulations. Resources are, therefore, those quantities estimated on a particular date to be remaining in known accumulations plus those quantities already produced from known accumulations plus those quantities in accumulations yet to be discovered. Resources are divided into: <ul style="list-style-type: none">(a) discovered resources, which are limited to known accumulations; and(b) undiscovered resources. |
| <i>Tonne</i> | A metric ton which is equivalent to 2,204.6 pounds. |

PART I

Items 1 and 2. BUSINESS AND PROPERTIES

Overview and Corporate Structure

Silver Bull Resources, Inc. was incorporated in the State of Nevada on November 8, 1993 as the Cadgie Company for the purpose of acquiring and developing mineral properties. The Cadgie Company was a spin-off from its predecessor, Precious Metal Mines, Inc. On June 28, 1996, our name was changed to Metalline Mining Company (“Metalline”). On April 21, 2011, we changed our name to Silver Bull Resources, Inc. We have not realized any revenues from our planned operations, and we are considered an exploration stage company. We have not established any reserves with respect to our exploration projects and may never enter into the development stage with respect to any of our projects.

We engage in the business of mineral exploration. We currently own a number of property concessions in Mexico within a mining district known as the Sierra Mojada District, located in the west-central part of the state of Coahuila, Mexico. We conduct our operations in Mexico through our wholly-owned subsidiary corporations, Minera Metalin S.A. de C.V. (“Minera Metalin”), Contratistas de Sierra Mojada S.A. de C.V. (“Contratistas”) and Minas de Coahuila SBR S.A. de C.V. (“Minas”).

In April 2010, Metalline Mining Delaware, Inc., our wholly-owned subsidiary incorporated in the State of Delaware, was merged with and into Dome Ventures Corporation (“Dome”), a Delaware corporation. As a result, Dome became a wholly-owned subsidiary of Silver Bull. Dome has a wholly-owned subsidiary, Dome Asia Inc. (“Dome Asia”), which is incorporated in the British Virgin Islands. Dome Asia has a wholly-owned subsidiary, Dome Minerals Nigeria Limited, incorporated in Nigeria.

On June 5, 2015, we announced our decision to voluntarily delist our shares of common stock from the NYSE MKT due to costs associated with the continued listing and NYSE MKT exchange rules regarding maintenance of a minimum share price. On June 29, 2015, our shares began trading on the OTCQB marketplace operated by OTC Markets Group. Our shares of common stock continue to trade on the Toronto Stock Exchange (“TSX”).

Our efforts and expenditures have been concentrated in the exploration of properties, principally the Sierra Mojada property located in Coahuila, Mexico (the “Sierra Mojada Property”). We have not determined whether our exploration properties contain ore reserves that are economically recoverable. The ultimate realization of our investment in exploration properties is dependent upon the success of future property sales, the existence of economically recoverable reserves, our ability to obtain financing or make other arrangements for exploration, development and future profitable production activities. The ultimate realization of our investment in exploration properties cannot be determined at this time.

South32 Earn-In Option Agreement

On June 1, 2018, we and our subsidiaries Minera Metalin and Contratistas entered into an Earn-In Option Agreement (the “Option Agreement”) with South32 International Investment Holdings Pty Ltd (“South32”), a wholly owned subsidiary of South32 Limited (ASX/JSE/LSE: S32), whereby South32 is able to obtain an option to purchase 70% of the shares of Minera Metalin and Contratistas (the “Option”). Minera Metalin owns the Sierra Mojada Property located in Coahuila, Mexico (the “Sierra Mojada Project”) and Contratistas supplies labor for the Sierra Mojada Project. Under the Option Agreement, South32 earns into the option by funding a collaborative exploration program on the Sierra Mojada Project. Upon the terms and subject to the conditions set forth in the Option Agreement, in order for South32 to earn and maintain its four-year Option, South32 must have contributed to Minera Metalin for exploration of the Sierra Mojada Project at least \$3 million by the end of Year 1, \$6 million by the end of Year 2, \$8 million by the end of Year 3 and \$10 million by the end of Year 4 (the “Initial Funding”). Funding is made on a quarterly basis based on the subsequent quarter’s exploration budget. South32 may exercise the Option by contributing \$100 million to Minera Metalin (the “Subscription Payment”), less the amount of Initial Funding previously contributed by South32. The issuance of shares upon notice of exercise of the Option by South32 is subject to antitrust approval by the Mexican government. If the full amount of the Subscription Payment is advanced by South32 and the Option becomes exercisable and is exercised, we and South32 will be obligated to contribute funding to Minera Metalin on a 30/70 pro rata basis. If South32 elects not to continue with the Option during the four-year option period, the Sierra Mojada Project will remain 100% owned by us. The exploration program will be initially managed by us, with South32 being able to approve the exploration program funded by it. We received funding of \$3,144,163 from South32 for Year 1 of the Option Agreement. In April 2019, we received a notice from South32 to maintain the Option Agreement for Year 2 by providing cumulative funding of \$6 million by the end of such period. In May 2019, we received the initial payment of \$319,430 for Year 2 of the Option Agreement from South32. Cumulative funding received under the Option Agreement from South32 as of October 31, 2019 was \$3,463,593. Cumulative exploration expenditures under the Option Agreement as of October 31, 2019 was \$3,904,263. In November and December 2019, we received the second and third payments for Year 2 of the Option Agreement of \$666,336 and \$228,836, respectively, from South32. If the Option Agreement is terminated by South32 without cause or if South32 is unable to obtain antitrust authorization from the Mexican government, we are under no obligation to reimburse South32 for amounts contributed under the Option Agreement.

Upon exercise of the Option, Minera Metalin and Contratistas are required to issue common shares to South32. Pursuant to the Option Agreement, following exercise and until a decision has been made by the board of directors of Minera Metalin to develop and construct a mine on the Sierra Mojada Project, each shareholder holding greater than or equal to 10% of the shares may withdraw as an owner in exchange for a 2% net smelter royalty on products produced and sold from the Sierra Mojada Project. Any shareholder whose holdings are reduced to less than 10% must surrender its interest in exchange for a 2% net smelter royalty.

On October 11, 2019, we and our subsidiary Minera Metalin issued a notice of force majeure to South32 pursuant to the Option Agreement. Due to a blockade by a cooperative of local miners called Sociedad Cooperativa de Exploración Minera Mineros Norteños, S.C.L. (“Mineros Norteños”), the Company has temporarily halted all work on the Sierra Mojada Property. The notice of force majeure was issued because of the blockade’s impact on the ability of the Company and its subsidiary Minera Metalin to perform their obligations under the Option Agreement. Pursuant to the Option Agreement, any time period provided for in the Option Agreement will generally be extended by a period equal to the period of delay caused by the event of force majeure.

Sierra Mojada Project

Location, Access and Infrastructure

The Sierra Mojada Project is located within a mining district known as the Sierra Mojada District. The Sierra Mojada District is located in the west-central part of the state of Coahuila, Mexico, near the Coahuila-Chihuahua state border approximately 200 kilometers south of the Big Bend of the Rio Grande River. The principal mining area extends for approximately five kilometers in an east-west direction along the base of the precipitous, 1,000-meter high Sierra Mojada Range.

The Sierra Mojada Project site is situated to the south of the village of Esmeralda, on the northern side of a major escarpment that forms the northern margin of the Sierra Mojada range. In general, the site is approximately 1,500 meters above sea level. The project is accessible by paved road from the city of Torreon, Coahuila, which lies approximately 250 kilometers to the south. Esmeralda is served by a rail spur of the Coahuila Durango railroad. There is an airstrip east of Esmeralda, although its availability is limited, and another airstrip at the nearby Penoles plant, which we can use occasionally. The Sierra Mojada District has high voltage electric power supplied by the national power company, Comisión Federal de Electricidad, C.F.E., and is supplied water by the municipality of Sierra Mojada. Although power levels are sufficient for current operations and exploration, future development of the project, if any, may require additional power supplies to be sourced.

Our facilities in Mexico include offices, accommodation for employees, workshops, warehouse buildings and exploration equipment located at Calle Mina #1, La Esmeralda, Coahuila, Mexico.

The map below shows the location of the Sierra Mojada Project:



Property History

Silver and lead were first discovered by a foraging party in 1879, and mining through 1886 consisted of native silver, silver chloride, and lead carbonate ores. After 1886, silver-lead-zinc-copper sulphide ores within limestone and sandstone units were produced. No accurate production history has been found for historical mining during this period.

Approximately 95 years ago, zinc silicate and zinc carbonate minerals (“Zinc Manto Zone”) were discovered underlying the silver-lead mineralized horizon. The Zinc Manto Zone is predominantly zinc dominated, but with subordinate lead-rich manto and is principally situated in the footwall rocks of the Sierra Mojada Fault System. Since discovery and until 1990, zinc, silver, and lead ores were mined from various mines along the strike of the deposit, including from the Sierra Mojada Property. Ores mined from within these areas were hand-sorted, and the concentrate shipped mostly to smelters in the United States.

Activity during the period of 1956 to 1990 consisted of operations by the Mineros Norteños and operations by individual owners and operators of pre-existing mines. The Mineros Norteños operated the San Salvador, Encantada, Fronteriza, Esmeralda, and Parrena mines, and shipped oxide zinc ore to Zinc National’s smelter in Monterrey, while copper and silver ore were shipped to smelters in Mexico and the United States.

We estimate that over 45 mines have produced ore from underground workings throughout the approximately five kilometers by two-kilometer area that comprises the Sierra Mojada District. We estimate that since its discovery in 1879, the Sierra Mojada District has produced approximately 10 million tons of silver, zinc, lead and copper ore. The Sierra Mojada District does not have a mill to concentrate ore, and all mining conducted thus far has been limited to selectively mined ore of sufficient grade to direct ship to smelters. We believe that mill-grade mineralization that was not mined remains available for extraction. No mining operations are currently active within the area of the Sierra Mojada District, except for a dolomite quarry by Peñoles near Esmeralda.

In the 1990s, Kennecott Copper Corporation (“Kennecott”) had a joint venture agreement with USMX, Inc. (“USMX”) involving its Sierra Mojada concessions. Kennecott terminated the joint venture in approximately 1995. We entered into a Joint Exploration and Development Agreement with USMX in July 1996 involving USMX’s Sierra Mojada concessions. In 1998, we purchased the Sierra Mojada and the USMX concessions, and the joint exploration and development agreement was terminated. We also purchased certain other concessions during this time and conducted exploration for copper and silver mineralization from 1997 through 1999.

Title and Ownership Rights

The Sierra Mojada Project is comprised of 20 concessions consisting of 6,496 hectares (about 16,052 acres). We periodically obtain additional concessions in the Sierra Mojada Project area, and whether we will continue to hold these additional concessions will depend on future exploration work and exploration results and our ability to obtain financing. As we have done in prior years, we continually assess our concession ownership, and we may terminate our rights to certain concessions holdings.

Each mining concession enables us to explore the underlying concession in consideration for the payment of a semi-annual fee to the Mexican government and completion of certain annual assessment work. Annual assessment work in excess of statutory annual requirements can be carried forward and applied to future periods.

Ownership of a concession provides the owner with exclusive exploration and exploitation rights to all minerals located on the concessions, but does not include the surface rights to the real property. Therefore, we will need to negotiate any necessary agreements with the appropriate surface landowners if we determine that a mining operation is feasible for the concessions. We own surface rights to five lots in the Sierra Mojada Property (Sierra Mojada lot #1, #3, #4, #6 and #7) but anticipate that we will be required to obtain additional surface rights if we determine that a mining operation is feasible.

Geology and Mineralization

The Sierra Mojada concessions contain a mineral system which can be separated into two distinct zones: a silver-rich zone (the “Silver Zone”) and a zinc-rich zone (the “Zinc Zone”). These two zones lie along the Sierra Mojada Fault which trends east–west along the base of the Sierra Mojada range. The majority of the mineralization identified to date is seen as oxide, which has been derived from primary “sulphide” bodies that have been oxidized and remained in situ or remobilized into porous and fractured rock along the Sierra Mojada Fault. The formation of the Silver Zone and the Zinc Zone is a reflection of the mobility of the metals in the ground water conditions at Sierra Mojada.

The geology of the Sierra Mojada District is composed of a Cretaceous limestone and dolomite sequence sitting on top of the Jurassic “San Marcos” red sediments. This sedimentary sequence was subsequently intruded by Tertiary volcanics, which are considered to be responsible for the mineralization seen at Sierra Mojada. Historical mines are dry, and the rocks are competent for the most part. We believe that the thickness and attitude of the mineralized material could potentially be amenable to high volume mechanized mining methods and low-cost production.

October 2018 Technical Report

On October 30, 2018, Archer, Cathro & Associates (1981) Limited and Timothy Barry delivered an updated technical report (the "Report") on the silver and zinc mineralization at the Sierra Mojada Project in accordance with Canadian National Instrument 43-101 ("NI 43-101"). The Report supersedes the prior mineralized material estimate released by the Company in June 2015. The Report includes an update on the silver and zinc mineralization which was estimated from 1,336 diamond drill holes, 24 reverse circulation drill holes, 9,027 channel samples and 2,346 underground long holes. Using a net smelter return ("NSR") economic cut-off, the Report indicates mineralized material in the optimized pit of 70.4 million tonnes at an average silver grade of 38.6 grams/tonne silver, an average zinc percentage of 3.4%, an average copper percentage of 0.04% and an average lead percentage of 0.3%. The Report used a \$13.50/tonne NSR cut-off grade and assumed a silver price of \$15.00/ounce and a zinc price of \$1.20/pound. Mineralized material estimates do not include any amounts categorized as inferred resources.

"Mineralized material" as used in this Annual Report on Form 10-K, although permissible under the Securities and Exchange Commission's ("SEC's") Industry Guide 7, does not indicate "reserves" by SEC standards. We cannot be certain that any part of the Sierra Mojada Project will ever be confirmed or converted into SEC Industry Guide 7 compliant "reserves." Investors are cautioned not to assume that all or any part of the mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.

Sampling, Analysis, Quality Control and Security

Our activities conform to mining industry standard practices and follow the Best Practices Guidelines of the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM). Sampling is directed and supervised by trained and experienced geologists. Drill core and other samples are processed and logged using industry standard methods. Standard samples, duplicates and blanks are periodically entered into the stream of samples submitted for assays, and campaigns of re-sampling and duplicate analyses and round-robin inter-laboratory validations are conducted periodically. We use ALS Chemex – Vancouver ("ALS Chemex") laboratory as our independent primary laboratory. ALS Chemex is ISO 9001:2000 certified. All analytical results that are used in resource models are exclusively from the independent primary laboratory.

Our consultants perform technical audits of our operations, including our formal quality assurance/quality control ("QA/QC") program, and recommend improvements as needed. A systematic program of duplicate sampling and assaying of representative samples from previous exploration activities was completed in 2010 under the direction and control of our consultants. Results of this study acceptably confirm the values in the project database used for resource modeling.

We formerly operated a sample preparation and an analytical laboratory at the project that prepared samples for shipment, performed QA/QC analyses to ensure against cross-contamination of samples during preparation and removed most low-value samples from the flow to the primary laboratory. For cost and other reasons, the internal laboratory has been shut down.

Prior Exploration Activities

We have focused our exploration efforts on two primary locations: the Silver Zone and the Zinc Zone. As further described below, we have conducted various exploration activities at the Sierra Mojada Project; however, to date, we have not established any reserves, and the project remains in the exploration stage and may never enter the development stage.

Prior to 2008, exploration efforts largely focused on the Zinc Zone with surface and underground drilling. In fiscal year 2009, we scaled back our exploration activities and administrative costs to conserve capital while we tried to secure additional sources of capital resources.

After closing the transaction with Dome in April 2010, we focused our exploration activities at Sierra Mojada primarily on the Silver Zone, which lies largely at surface. By the end of calendar 2018, approximately 101,000 meters of diamond drilling from surface and 10,000 meters of underground drilling had been completed.

The silver contained within the Silver Zone is seen primarily as silver halide minerals. The zinc contained within the Zinc Zone is contained mostly in the mineral hemimorphite and, to a lesser amount, in the mineral smithsonite.

2019 Exploration Activities

In January 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$1.8 million for the period from January 2019 through May 2019 and \$1.1 million for general and administrative expenses for calendar year 2019. In June 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$3.5 million for the period from June 2019 through May 2020. Due to the blockade by Mineros Norteños previously mentioned under “South32 Earn-in Option Agreement” of this Form 10-K, we have temporarily halted all work at the Sierra Mojada Property, and the board of directors approved a budget of \$0.2 million for the period from January 2020 to May 2020.

Drilling

In April 2019, we commenced an 8,000-meter drilling program, which was subsequently increased to 12,000 meters. During the year ended October 31, 2019, we completed 8,314 meters of drilling before we halted the drilling program due to the blockade.

Airborne Geophysics

Between September 2018 and November 2018, we completed a 5,297 line kilometer helicopter-borne Versatile Time Domain Electro Magnetic (VTEM) and Magnetic Geophysical Survey over the Sierra Mojada Property. The results of this survey aided in refining the design of the drilling program.

2020 Exploration Program

The focus of our 2020 calendar year exploration program will be to resolve the blockade and to maintain our property concessions. If the blockade is resolved, we will work with South32 to approve an updated exploration program.

Metallurgical Studies

In May 2015, we selected and shipped samples of high-grade zinc material to a lab in Denver, Colorado for “fine bubble” flotation test work and to a group in Australia to assess their proprietary hydrometallurgy process. Previous test work completed by Silver Bull using mechanical flotation has shown an 87% recovery of zinc from the white zinc zone to produce a rough concentrate of 43% zinc, and a 72.5% recovery of zinc from the red zinc zone to produce a rough concentrate of 30% zinc. The “fine bubble” flotation test work that was performed did not improve recovery, but based on analysis of the results, it was determined that the “fine bubble” flotation test process may be able to be adjusted to improve recovery. Further testing is not planned at this time.

In addition, we previously conducted a metallurgical program to test the recovery of (i) the silver mineralization using the agitation cyanide leach method and (ii) the zinc mineralization using the SART process (sulfidization, acidification, recycling, and thickening). The test work on the Silver Zone focused on cyanide leach recovery of the silver using “Bottle Roll” tests to simulate an agitation leach system and to determine the recovery of (A) low-grade zinc that occurs in the Silver Zone and (B) high-grade zinc from the Zinc Zone that had been blended with mineralization from the Silver-rich Zone to the leach solution. The silver was recovered from the cyanide leach solution using the Merrill Crowe technique, and the zinc was recovered from the leach solution using the SART process. The SART process is a metallurgical process that regenerates and recycles the cyanide used in the leaching process of the silver and zinc and allows for the recovery of zinc that has been leached by the cyanide solution. The results showed an overall average silver recovery of 73.2%, with peak values of 89.0% and an overall average zinc recovery of 44% in the Silver Zone.

Executive Officers of Silver Bull Resources

We have three executive officers: (1) a Chairman, (2) a President and Chief Executive Officer and (3) a Chief Financial Officer. Set forth below is information regarding our executive officers.

| Name and Residence | Age | Position |
|--------------------------------------|------------|---|
| Brian Edgar Vancouver, BC | 69 | Chairman |
| Timothy Barry Squamish, BC | 44 | President, Chief Executive Officer and Director |
| Sean Fallis Vancouver, BC | 40 | Chief Financial Officer |

Brian Edgar. Mr. Edgar was appointed Chairman of the Board of Directors in April 2010. Mr. Edgar has broad experience working in junior and mid-size natural resource companies. He previously served as Dome’s President and Chief Executive Officer from February 2005 to April 2010, when Dome was acquired by Silver Bull. Further, Mr. Edgar served on Dome’s board of directors from 1998 to 2010. Mr. Edgar currently serves as a director of Denison Mines Corp. and Lucara Diamond Corp. Mr. Edgar practiced corporate/securities law in Vancouver, British Columbia, Canada for 16 years.

Timothy Barry. Mr. Barry has served as a director, President and Chief Executive Officer of Silver Bull since March 2011. From August 2010 to March 2011, he served as our Vice President – Exploration. Between 2006 and August 2010, Mr. Barry spent five years working as Chief Geologist in West and Central Africa for Dome. During this time, he managed all aspects of Dome’s exploration programs and oversaw corporate compliance for Dome’s various subsidiaries. Mr. Barry also served on Dome’s board of directors. In 2005, he worked as a project geologist in Mongolia for Entree Gold, a company that has a significant stake in the Oyu Tolgoi mine in Mongolia. Between 1998 and 2005, Mr. Barry worked as an exploration geologist for Ross River Minerals Inc. on its El Pulpo copper/gold project in Sinaloa, Mexico, for Canabrava Diamonds Corporation on its exploration programs in the James Bay lowlands in Ontario, Canada, and for Homestake Mining Company on its Plutonic Gold Mine in Western Australia. He has also worked as a mapping geologist for the Geological Survey of Canada in the Coast Mountains, and as a research assistant at the University of British Columbia, where he examined the potential of CO₂ sequestration in Canada using ultramafic rocks. Mr. Barry received a bachelor of science degree from the University of Otago in Dunedin, New Zealand and is a Chartered Professional Geologist (CPAusIMM).

Sean Fallis. Mr. Fallis was appointed Chief Financial Officer in April 2011. From February 2011 to April 2011, he served as our Vice President – Finance. From July 2008 to February 2011, Mr. Fallis served as the Corporate Controller for Rusoro Mining Ltd. Prior to working at Rusoro Mining Ltd, he worked at PricewaterhouseCoopers as an Audit Senior Associate from January 2007 to June 2008, where he worked with both Canadian and U.S. publicly-listed companies in the audit and assurance practice. At PricewaterhouseCoopers, Mr. Fallis focused on clients in the mining industry. Further, he worked at Smythe LLP as a staff accountant from September 2004 to December 2006. Mr. Fallis received a bachelor of science degree from Simon Fraser University in 2002 and is a CPA (Chartered Professional Accountant, British Columbia), CA.

Competition and Mineral Prices

Mineral Prices

Silver and zinc are commodities, and their prices are volatile. From January 1, 2019 to December 31, 2019 the price of silver ranged from a low of \$14.38 per troy ounce to a high of \$19.31 per troy ounce, and from January 1, 2019 to November 30, 2019 the price of zinc ranged from a low of \$2,273 per tonne to a high of \$2,932 per tonne. Silver and zinc prices are affected by many factors beyond our control, including prevailing interest rates and returns on other asset classes, expectations regarding inflation, speculation, currency values, governmental decisions regarding the disposal of precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors. The competitive nature of the business and the risks we face are discussed further in the “Risk Factors” section below.

The following tables set forth, for the periods indicated, high and low silver and zinc prices on the London Metal Exchange in U.S. dollars per troy ounce and per tonne, respectively. On October 31, 2019, the closing price of silver was \$18.06 per troy ounce. On October 31, 2019, the closing price of zinc was \$2,452 per tonne.

| Year | Silver (per troy ounce) | |
|------|----------------------------|----------|
| | High | Low |
| 2012 | \$ 37.23 | \$ 26.67 |
| 2013 | \$ 32.23 | \$ 18.61 |
| 2014 | \$ 22.05 | \$ 15.28 |
| 2015 | \$ 18.23 | \$ 13.71 |
| 2016 | \$ 20.71 | \$ 13.58 |
| 2017 | \$ 18.56 | \$ 15.22 |
| 2018 | \$ 17.52 | \$ 13.97 |
| 2019 | \$ 19.31 | \$ 14.38 |

| Year | Zinc (per tonne) | |
|-------|---------------------|----------|
| | High | Low |
| 2012 | \$ 2,040 | \$ 1,816 |
| 2013 | \$ 2,129 | \$ 1,831 |
| 2014 | \$ 2,327 | \$ 2,008 |
| 2015 | \$ 2,281 | \$ 1,528 |
| 2016 | \$ 2,566 | \$ 1,520 |
| 2017 | \$ 3,264 | \$ 2,573 |
| 2018 | \$ 3,533 | \$ 2,434 |
| 2019* | \$ 2,932 | \$ 2,273 |

* Through November 30, 2019.

Competition

Our industry is highly competitive. We compete with other mining and exploration companies in the acquisition and exploration of mineral properties. There is competition for a limited number of mineral property acquisition opportunities, some of which is with other companies having substantially greater financial resources, staff and facilities than we do. As a result, we may have difficulty acquiring attractive exploration properties, staking claims related to our properties and exploring properties. Our competitive position depends upon our ability to successfully and economically acquire and explore new and existing mineral properties.

Government Regulation

Mineral exploration activities are subject to various national, state/provincial, and local laws and regulations, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters. Similarly, if any of our properties are developed and/or mined, those activities are also subject to significant governmental regulation and oversight. We plan to obtain the licenses, permits and other authorizations currently required to conduct our exploration program. We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and the regulations applicable to the mineral interests we now hold in Mexico.

Environment Regulations

Our activities are subject to various national and local laws and regulations governing protection of the environment. These laws are continually changing and, in general, are becoming more restrictive. We intend to conduct business in a way that safeguards public health and the environment and is in compliance with applicable laws and regulations.

Changes to current state or federal laws and regulations in Mexico could, in the future, require additional capital expenditures and increased operating and/or reclamation costs. Although we are unable to predict what additional legislation, if any, might be proposed or enacted, additional regulatory requirements could impact the economics of our projects.

During fiscal year 2019, we had no material environmental incidents or non-compliance with any applicable environmental regulations.

Employees

We have three employees, all of whom work full time. Contratistas, our wholly-owned operating subsidiary in Mexico currently has two full time employees. Minera Metalin, our wholly-owned mineral holding company in Mexico, does not have any employees.

Corporate Offices

Our corporate office is located at 777 Dunsmuir Street, Suite 1610, Vancouver, British Columbia, Canada V7Y 1K4. Our telephone number is (604) 687-5800, and our fax number is (604) 563-6004.

Available Information

We maintain an internet website at <http://www.silverbullresources.com>. The information on our website is not incorporated by reference in this Annual Report on Form 10-K. We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the SEC in accordance with the Exchange Act. You may also obtain this information from the SEC's website, <http://www.sec.gov>.

Item 1A. RISK FACTORS

A purchase of our securities involves a high degree of risk. Our business or operating or financial condition could be harmed due to any of the following risks. Accordingly, investors should carefully consider these risks in making a decision as to whether to purchase, sell or hold our securities. In addition, investors should note that the risks described below are not the only risks facing us. Additional risks not presently known to us, or risks that do not seem significant today, may impair our business operations in the future. You should carefully consider the risks described below, as well as the other information contained in this Annual Report on Form 10-K and the documents incorporated by reference herein, before making a decision to invest in our securities.

RISKS RELATED TO OUR BUSINESS:

If South32 exercises its option to purchase 70% of the equity of Minera Metalin and Contratistas, we will no longer control the development of the Sierra Mojada Project.

On June 1, 2018, we entered into the Option Agreement with South32, a wholly owned subsidiary of South32 Limited (ASX/JSE/LSE: S32), whereby South32 is able to obtain the Option to purchase 70% of the equity of Minera Metalin and Contratistas, and oversee the mineral exploration of the Sierra Mojada Project. If South32 exercises the Option, then we will no longer control the development of the Sierra Mojada Project. South32 would have the ability to control the timing and pace of future development, and its decisions may not be in the best interests of the Company and its stockholders.

If South32 were to exercise its option to purchase 70% of the equity of Minera Metalin and Contratistas, we will be required to contribute 30% of subsequent funding toward development of the Sierra Mojada Project, and we do not currently have sufficient funds to do so.

If South32 exercises its option to purchase 70% of the equity of Minera Metalin and Contratistas, under the terms of the Option Agreement, we will retain a 30% ownership in Minera Metalin and Contratistas, and be obligated to contribute 30% of subsequent funding toward the development of the Sierra Mojada Project. If we fail to satisfy our funding commitment, our interest in Minera Metalin and Contratistas will be diluted. We do not currently have sufficient funds with which to satisfy this future funding commitment, and there is no certainty that we will be able to obtain sufficient future funds on acceptable terms or at all.

We may have difficulty meeting our current and future capital requirements.

Our management and our board of directors monitor our overall costs and expenses and, if necessary, adjust our programs and planned expenditures in an attempt to ensure that we have sufficient operating capital. We continue to evaluate our costs and planned expenditures for our ongoing exploration efforts at our Sierra Mojada Project. As of October 31, 2019, we had cash and cash equivalents of \$1,432,000. Even with the South32 funds, the continued exploration and possible development of the Sierra Mojada Project will require significant amounts of additional capital. If we are unable to fund future operations by way of financings, including public or private offerings of equity or debt securities, we will need to significantly reduce operations, which will result in an adverse impact on our business, financial condition and exploration activities. We do not have a credit, off-take or other commercial financing arrangement in place that would finance continued evaluation or development of the Sierra Mojada Project, and we believe that securing credit for these projects may be difficult. Moreover, equity financing may not be available on attractive terms and, if available, will likely result in significant dilution to existing stockholders.

We are an exploration stage mining company with no history of operations.

We are an exploration stage enterprise engaged in mineral exploration in Mexico. We have a very limited operating history and are subject to all the risks inherent in a new business enterprise. As an exploration stage company, we may never enter the development and production stages. To date, we have had no revenues and have relied upon equity financing and South32 funding to fund our operations. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with an exploration stage business, and the competitive and regulatory environment in which we operate and will operate, such as under-capitalization, personnel limitations, and limited financing sources.

We have no commercially mineable ore body.

No commercially mineable ore body has been delineated on our Sierra Mojada Project, nor have our properties been shown to contain proven or probable mineral reserves. Investors should not assume that the projections contained in the Report on our Sierra Mojada Project will ever be realized. We cannot assure you that any mineral deposits we identify on the Sierra Mojada Project or on another property will qualify as an ore body that can be legally and economically exploited or that any particular level of recovery of silver, zinc or other minerals from discovered mineralization will in fact be realized. Most exploration projects do not result in the discovery of commercially mineable ore deposits. Even if the presence of reserves is established at a project, the legal and economic viability of the project may not justify exploitation.

Mineral resource estimates may not be reliable.

There are numerous uncertainties inherent in estimating quantities of mineralized material such as silver, zinc, lead, and copper, including many factors beyond our control, and no assurance can be given that the recovery of mineralized material will be realized. In general, estimates of mineralized material are based upon a number of factors and assumptions made as of the date on which the estimates were determined, including:

- geological and engineering estimates that have inherent uncertainties;
- the assumed effects of regulation by governmental agencies;
- the judgment of the engineers preparing the estimate;
- estimates of future metals prices and operating costs;
- the quality and quantity of available data;
- the interpretation of that data; and
- the accuracy of various mandated economic assumptions, all of which may vary considerably from actual results.

All estimates are, to some degree, uncertain. For these reasons, estimates of the recoverable mineral resources prepared by different engineers or by the same engineers at different times may vary substantially. As such, there is significant uncertainty in any mineralized material estimate, and actual deposits encountered and the economic viability of a deposit may differ materially from our estimates.

Our business plan is highly speculative, and its success largely depends on the successful exploration of our Sierra Mojada concessions.

Our business plan is focused on exploring the Sierra Mojada concessions to identify reserves and, if appropriate, to ultimately develop this property. Although we have reported mineralized material on our Sierra Mojada Project, we have not established any reserves and remain in the exploration stage. We may never enter the development or production stage. Exploration of mineralization and determination of whether the mineralization might be extracted profitably is highly speculative, and it may take a number of years until production is possible, during which time the economic viability of the project may change. Substantial expenditures are required to establish reserves, extract metals from ore and construct mining and processing facilities.

The Sierra Mojada Project is subject to all of the risks inherent in mineral exploration and development. The economic feasibility of any mineral exploration and/or development project is based upon, among other things, estimates of the size and grade of mineral reserves, proximity to infrastructures and other resources (such as water and power), anticipated production rates, capital and operating costs, and metals prices. To advance from an exploration project to a development project, we will need to overcome various hurdles, including completing favorable feasibility studies, securing necessary permits, and raising significant additional capital to fund activities. There can be no assurance that we will be successful in overcoming these hurdles. Because of our focus on the Sierra Mojada Project, the success of our operations and our profitability may be disproportionately exposed to the impact of adverse conditions unique to the Torreon, Mexico region, as the Sierra Mojada Project is located 250 kilometers north of this area.

Due to our history of operating losses, we are uncertain that we will be able to maintain sufficient cash to accomplish our business objectives.

During the fiscal years ended October 31, 2019 and October 31, 2018, we suffered net losses of \$3,939,000 and \$3,520,000 respectively. At October 31, 2019, we had stockholders' equity of \$8,565,000 and cash and cash equivalents of \$1,432,000. Significant amounts of capital will be required to continue to explore and potentially develop the Sierra Mojada concessions. We are not engaged in any revenue producing activities, and we do not expect to be in the near future. Currently, our potential sources of funding consist of the sale of additional equity securities, entering into joint venture agreements or selling a portion of our interests in our assets. There is no assurance that any additional capital that we will require will be obtainable on terms acceptable to us, if at all. Failure to obtain such additional financing could result in delays or indefinite postponement of further exploration of our projects. Additional financing, if available, will likely result in substantial dilution to existing stockholders.

Our exploration activities require significant amounts of capital that may not be recovered.

Mineral exploration activities are subject to many risks, including the risk that no commercially productive or extractable resources will be encountered. There can be no assurance that our activities will ultimately lead to an economically feasible project or that we will recover all or any portion of our investment. Mineral exploration often involves unprofitable efforts, including drilling operations that ultimately do not further our exploration efforts. The cost of minerals exploration is often uncertain, and cost overruns are common. Our drilling and exploration operations may be curtailed, delayed or canceled as a result of numerous factors, many of which are beyond our control, including title problems, weather conditions, protests, compliance with governmental requirements, including permitting issues, and shortages or delays in the delivery of equipment and services.

Our financial condition could be adversely affected by changes in currency exchange rates, especially between the U.S. dollar and the Mexican peso (“\$MXN”) and the U.S. dollar and the Canadian dollar (“\$CDN”) given our focus on the Sierra Mojada Project in Mexico and our corporate office in Vancouver, Canada.

Our financial condition is affected in part by currency exchange rates, as portions of our exploration costs in Mexico and general and administration costs in Canada are denominated in the local currency. A weakening U.S. dollar relative to the \$MXN and \$CDN will have the effect of increasing exploration costs and general and administration costs while a strengthening U.S. dollar will have the effect of reducing exploration costs and general and administration costs. The exchange rates between the \$CDN and the U.S. dollar and between the \$MXN and U.S. dollar have fluctuated widely in response to international political conditions, general economic conditions and other factors beyond our control.

Our success depends on developing and maintaining relationships with local communities and other stakeholders.

Our ongoing and future success depends on developing and maintaining productive relationships with the communities surrounding our operations and other stakeholders in our operating locations. We believe that our operations can provide valuable benefits to surrounding communities, in terms of direct employment, training and skills development. In addition, we seek to maintain our partnerships and relationships with local communities and stakeholders in a variety of ways, including in-kind contributions, sponsorships and donations. Notwithstanding our ongoing efforts, local communities and stakeholders can become dissatisfied with our activities or the level of benefits provided, which may result in legal or administrative proceedings, civil unrest, protests, direct action or campaigns against us, such as the recent blockade by Mineros Norteños that caused us to halt all work on the Sierra Mojada Property. Any such occurrences, including the blockade, could materially and adversely affect our financial condition, results of operations and cash flows.

RISKS RELATING TO THE MINERAL EXPLORATION INDUSTRY:

There are inherent risks in the mineral exploration industry.

We are subject to all of the risks inherent in the minerals exploration industry, including, without limitation, the following:

- we are subject to competition from a large number of companies, many of which are significantly larger than we are, in the acquisition, exploration, and development of mining properties;
- we might not be able raise enough money to pay the fees and taxes and perform the labor necessary to maintain our concessions in good status;
- exploration for minerals is highly speculative, involves substantial risks and is frequently unproductive, even when conducted on properties known to contain significant quantities of mineralization, and our exploration projects may not result in the discovery of commercially mineable deposits of ore;
- the probability of an individual prospect ever having reserves that meet the requirements for reporting under SEC Industry Guide 7 is remote, and any funds spent on exploration may be lost;
- our operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls, and we may not be able to comply with these regulations and controls; and
- a large number of factors beyond our control, including fluctuations in metal prices, inflation, and other economic conditions, will affect the economic feasibility of mining.

Metals prices are subject to extreme fluctuation.

Our activities are influenced by the prices of commodities, including silver, zinc, lead, copper and other metals. These prices fluctuate widely and are affected by numerous factors beyond our control, including interest rates, expectations for inflation, speculation, currency values (in particular, the strength of the U.S. dollar), global and regional demand, political and economic conditions and production costs in major metal-producing regions of the world.

Our ability to establish reserves through our exploration activities, our future profitability and our long-term viability depend, in large part, on the market prices of silver, zinc, lead, copper and other metals. The market prices for these metals are volatile and are affected by numerous factors beyond our control, including:

- global or regional consumption patterns;
- supply of, and demand for, silver, zinc, lead, copper and other metals;
- speculative activities and producer hedging activities;
- expectations for inflation;
- political and economic conditions; and
- supply of, and demand for, consumables required for production.

Future weakness in the global economy could increase volatility in metals prices or depress metals prices, which could in turn reduce the value of our properties, make it more difficult to raise additional capital, and make it uneconomical for us to continue our exploration activities.

There are inherent risks with foreign operations.

Our business activities are primarily conducted in Mexico, and as such, our activities are exposed to various levels of foreign political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labor unrest, war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions (including, potential instability if the United States withdraws from or as a result of renegotiating the North American Free Trade Agreement), currency controls and governmental regulations that favor or require the rewarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Mexico may adversely affect our exploration and possible future development activities. We may also be affected to varying degrees by government regulations with respect to, but not limited to, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our operations. In addition, legislation in the United States, Canada or Mexico regulating foreign trade, investment and taxation could have a material adverse effect on our financial condition.

Our Sierra Mojada Project is located in Mexico and is subject to varying levels of political, economic, legal and other risks.

The Sierra Mojada Project, our primary focus, is in Mexico. In the past, Mexico has been subject to political instability, changes and uncertainties that have resulted in changes to existing governmental regulations affecting mineral exploration and mining activities. Mexico's status as a developing country may make it more difficult for us to obtain any required financing for the Sierra Mojada Project or other projects in Mexico in the future. Our Sierra Mojada Project is also subject to a variety of governmental regulations governing health and worker safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Mexican regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

Our exploration activities in Mexico may be adversely affected to varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Sierra Mojada Project. Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect our financial condition. Expansion of our activities will be subject to the need to obtain sufficient access to adequate supplies of water and assure the availability of sufficient power and surface rights that could be affected by government policy and competing operations in the area.

We also have litigation risk with respect to our operations. See Part I, Item 3 – Legal Proceedings of this Annual Report on Form 10-K for an explanation of material legal proceedings to which Silver Bull or its subsidiaries have been a party.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our financial condition. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration activities with the Sierra Mojada Project or in respect to any other projects in which we become involved in Mexico. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in the interruption of exploration operations or material fines, penalties or other liabilities.

Title to our properties may be challenged or defective.

Our future operations, including our activities at the Sierra Mojada Project and other exploration activities, will require additional permits from various governmental authorities. Our operations are and will continue to be governed by laws and regulations governing prospecting, mineral exploration, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, mining royalties and other matters. There can be no assurance that we will be able to acquire all required licenses, permits or property rights on reasonable terms or in a timely manner, or at all, that such terms will not be adversely changed, that required extensions will be granted, or that the issuance of such licenses, permits or property rights will not be challenged by third parties.

We attempt to confirm the validity of our rights of title to, or contract rights with respect to, each mineral property in which we have a material interest. However, we cannot guarantee that title to our properties will not be challenged. The Sierra Mojada Property may be subject to prior unregistered agreements, interests or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of any of the claims comprising the Sierra Mojada Property that, if successful, could impair possible development and/or operations with respect to such properties in the future. Challenges to permits or property rights (whether successful or unsuccessful), changes to the terms of permits or property rights, or a failure to comply with the terms of any permits or property rights that have been obtained could have a material adverse effect on our business by delaying or preventing or making continued operations economically unfeasible.

A title defect could result in Silver Bull losing all or a portion of its right, title, and interest to and in the properties to which the title defect relates. Title insurance generally is not available, and our ability to ensure that we have obtained secure title to individual mineral properties or mining concessions may be severely constrained. In addition, we may be unable to operate our properties as permitted or to enforce our rights with respect to our properties. We annually monitor the official mining records in Mexico City to determine if there are annotations indicating the existence of a legal challenge against the validity of any of our concessions. As of January 2019, and to the best of our knowledge, there are no such annotations, nor are we aware of any challenges from the government or from third parties, except for the *Mineros Norteños* matter described in Part I, Item 3 – Legal Proceedings.

In addition, in connection with the purchase of certain mining concessions, Silver Bull agreed to pay a net royalty interest on revenue from future mineral sales on certain concessions at the Sierra Mojada Project, including concessions on which a significant portion of our mineralized material is located. The aggregate amount payable under this royalty is capped at \$6.875 million (the “Royalty”), an amount that will only be reached if there is significant future production from the concessions. As noted in Part I, Item 3 (Legal Proceedings), this Royalty is currently the subject of a dispute with a local cooperative. In addition, records from prior management indicate that additional royalty interests may have been created, although the continued applicability and scope of these interests are uncertain. The existence of these royalty interests may have a material effect on the economic feasibility of potential future development of the Sierra Mojada Project.

We are subject to complex environmental and other regulatory risks, which could expose us to significant liability and delay and potentially the suspension or termination of our exploration efforts.

Our mineral exploration activities are subject to federal, state and local environmental regulations in the jurisdictions where our mineral properties are located. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. No assurance can be given that environmental standards imposed by these governments will not be changed, thereby possibly materially adversely affecting our proposed activities. Compliance with these environmental requirements may also necessitate significant capital outlays or may materially affect our earning power.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. As a result of recent changes in environmental laws in Mexico, for example, more legal actions supported or sponsored by non-governmental groups interested in halting projects may be filed against companies operating in all industrial sectors, including the mining sector. Mexican projects are also subject to the environmental agreements entered into by Mexico, the United States and Canada in connection with the North American Free Trade Agreement or any renegotiated agreement between these parties.

Future changes in environmental regulations in the jurisdictions where our projects are located may adversely affect our exploration activities, make them prohibitively expensive, or prohibit them altogether. Environmental hazards may exist on the properties in which we currently hold interests, such as the Sierra Mojada Project, or may hold interests in the future, that are unknown to us at present and that have been caused by us or previous owners or operators, or that may have occurred naturally. We may be liable for remediating any damage that we may have caused. The liability could include costs for removing or remediating the release and damage to natural resources, including ground water, as well as the payment of fines and penalties.

Our industry is highly competitive, attractive mineral properties and property concessions are scarce, and we may not be able to obtain quality properties or concessions.

We compete with other mining and exploration companies in the acquisition of mineral properties and property concessions. There is competition for a limited number of attractive mineral property acquisition opportunities, some of which is with other companies having substantially greater financial resources, staff and facilities than we do. As a result, we may have difficulty acquiring quality mineral properties or property concessions.

We may face a shortage of water.

Water is essential in all phases of the exploration and development of mineral properties. It is used in such processes as exploration, drilling, leaching, placer mining, dredging, testing, and hydraulic mining. Both the lack of available water and the cost of acquisition may make an otherwise viable project economically impossible to complete. In November 2013, Silver Bull was granted the right to exploit up to 3.5 million cubic meters of water per year from six different well sites by the water regulatory body in Mexico, La Comisión Nacional del Agua, but it has yet to be determined if the six well sites can produce this much water over a sustained period of time.

Our non-operating properties are subject to various hazards.

We are subject to risks and hazards, including environmental hazards, possible encounters with unusual or unexpected geological formations, cave-ins, flooding and earthquakes, and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or the destruction of, mineral properties or future production facilities, personal injury or death, environmental damage, delays in our exploration activities, asset write-downs, monetary losses and possible legal liability. We may not be insured against all losses or liabilities, either because such insurance is unavailable or because we have elected not to purchase such insurance due to high premium costs or other reasons. Although we maintain insurance in an amount that we consider to be adequate, liabilities might exceed policy limits, in which event we could incur significant costs that could adversely affect our activities. The realization of any significant liabilities in connection with our activities as described above could negatively affect our activities and the price of our common stock.

We need and rely upon key personnel.

Presently, we employ a limited number of full-time employees, utilize outside consultants, and in large part rely on the efforts of our officers and directors. Our success will depend, in part, upon the ability to attract and retain qualified employees. In particular, we have only three executive officers, Brian Edgar, Timothy Barry and Sean Fallis, and the loss of the services of any of these three would adversely affect our business.

RISKS RELATING TO OUR COMMON STOCK:

Further equity financings may lead to the dilution of our common stock.

In order to finance future operations, we may raise funds through the issuance of common stock or the issuance of debt instruments or other securities convertible into common stock. We cannot predict the size of future issuances of common stock or the size and terms of future issuances of debt instruments or other securities convertible into common stock or the effect, if any, that future issuances and sales of our securities will have on the market price of our common stock. Any transaction involving the issuance of previously authorized but unissued shares, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective security holders. Demand for equity securities in the mining industry has been weak; therefore, equity financing may not be available on attractive terms and, if available, will likely result in significant dilution to existing shareholders.

No dividends are anticipated.

At the present time, we do not anticipate paying dividends, cash or otherwise, on our common stock in the foreseeable future. Future dividends will depend on our earnings, if any, our financial requirements and other factors. There can be no assurance that we will pay dividends.

Our stock price can be very volatile.

Our common stock is listed on the TSX and trades on the OTCQB. The trading price of our common stock has been, and could continue to be, subject to wide fluctuations in response to announcements of our business developments, results and progress of our exploration activities at the Sierra Mojada Project, progress reports on our exploration activities, and other events or factors. In addition, stock markets have experienced significant price volatility in recent months and years. This volatility has had a substantial effect on the share prices of companies, at times for reasons unrelated to their operating performance. These fluctuations could be in response to:

- volatility in metal prices;
- political developments in the foreign countries in which our properties are located; and
- news reports relating to trends in our industry or general economic conditions.

These broad market and industry fluctuations may adversely affect the price of our common stock, regardless of our operating performance.

We cannot make any predictions or projections as to what the prevailing market price for our common stock will be at any time, including as to whether our common stock will achieve or remain at levels at or near its offering price, or as to what effect the sale of shares or the availability of common stock for sale at any time will have on the prevailing market price.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 3. LEGAL PROCEEDINGS

On May 20, 2014, Mineros Norteños filed an action in the Local First Civil Court in the District of Morelos, State of Chihuahua, Mexico, against our subsidiary, Minera Metalin, claiming that Minera Metalin breached an agreement regarding the development of the Sierra Mojada Project. Mineros Norteños sought payment of the Royalty, including interest at a rate of 6% per annum since August 30, 2004, even though no revenue has been produced from the applicable mining concessions. It also sought payment of wages to the cooperative's members since August 30, 2004, even though none of the individuals were ever hired or performed work for Minera Metalin under this agreement and Minera Metalin never committed to hiring them. On January 19, 2015, the case was moved to the Third District Court (of federal jurisdiction). On October 4, 2017, the court ruled that Mineros Norteños was time barred from bringing the case. On October 19, 2017, Mineros Norteños appealed this ruling. On July 31, 2019, the federal appeals court upheld the original ruling. This ruling has been subsequently challenged by Mineros Norteños. We and our Mexican legal counsel believe that it is unlikely that the court's ruling will be overturned. We have not accrued any amounts in our consolidated financial statements with respect to this claim. See Note 13 – Commitments and Contingencies to our consolidated financial statements.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

From May 2, 2011 to June 28, 2015, our common stock traded on the NYSE MKT (the predecessor stock exchange to the NYSE American) under the symbol "SVBL." On June 5, 2015, we announced our decision to voluntarily delist our shares of common stock from the NYSE MKT due to costs associated with the continued listing and NYSE MKT exchange rules regarding maintenance of a minimum share price. On June 29, 2015, our shares began trading on the OTCQB marketplace operated by OTC Markets Group. Since August 26, 2010, our common stock has been trading on the TSX under the symbol "SVB."

The following table sets forth the high and low sales prices of our common stock for each quarter during the fiscal years ended October 31, 2019 and October 31, 2018, as well as through January 10, 2020, as reported by the OTCQB and the TSX. The sales prices on the OTCQB reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

| | OTCQB (SVBL) | | Toronto Stock Exchange (SVB) | | |
|---|-----------------|------|------------------------------------|------|------|
| | High | Low | High | Low | |
| | (\$) | | (CDNS) | | |
| 2020 | | | | | |
| First Quarter (ending January 10, 2020) | \$ | 0.08 | 0.06 | 0.10 | 0.08 |
| 2019 | | | | | |
| Fourth Quarter ended October 31, 2019 | \$ | 0.12 | 0.06 | 0.16 | 0.08 |
| Third Quarter ended July 31, 2019 | | 0.12 | 0.07 | 0.16 | 0.09 |
| Second Quarter ended April 30, 2019 | | 0.13 | 0.08 | 0.16 | 0.09 |
| First Quarter ended January 31, 2019 | | 0.14 | 0.09 | 0.19 | 0.12 |
| 2018 | | | | | |
| Fourth Quarter ended October 31, 2018 | \$ | 0.13 | 0.09 | 0.16 | 0.11 |
| Third Quarter ended July 31, 2018 | | 0.16 | 0.11 | 0.21 | 0.14 |
| Second Quarter ended April 30, 2018 | | 0.20 | 0.10 | 0.27 | 0.18 |
| First Quarter ended January 31, 2018 | | 0.23 | 0.08 | 0.29 | 0.10 |

The closing price of our common stock as reported on January 10, 2020 on the OTCQB, was \$0.07 per share.

Holders

As of January 13, 2020, there were 263 holders of record of our common stock. This does not include persons or entities that hold our common stock in brokerage accounts or otherwise in "street name."

Dividends

We did not declare or pay cash or other dividends on our common stock during the last two fiscal years. We have no plans to pay any dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

As of October 31, 2019, we had two formal equity compensation plans, the 2010 Stock Option and Stock Bonus Plan, as amended (the “2010 Plan”) and the 2019 Stock Option and Stock Bonus Plan (the “2019 Plan”). The 2010 Plan was adopted by the board of directors in December 2009, approved by the shareholders in April 2010, amended and re-adopted by the board of directors in February 2016, and ratified, approved and re-adopted by the shareholders in April 2016. The 2019 Plan was adopted by the board of directors in February 2019 and approved by the shareholders in April 2019. Under each of the 2010 Plan and the 2019 Plan, the lesser of (i) 30,000,000 shares or (ii) 10% of the total shares outstanding will be reserved to be issued upon the exercise of options or the grant of stock bonuses. As of October 31, 2019, there were 23,632,821 shares reserved for issuance under the 2019 Plan. As of October 31, 2019, options to acquire 16,350,000 shares of common stock were outstanding under the 2010 Plan. As of October 31, 2019, no additional shares remain available for issuance under the 2010 Plan.

The following table gives information about our common stock that may be issued upon the exercise of options, warrants and rights under our compensation plans as of October 31, 2019.

| <u>Plan Category</u> | <u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u> | <u>Weighted average exercise price of outstanding options, warrants and rights</u> | <u>Number of securities remaining available for future issuance</u> |
|--|--|--|---|
| Equity compensation plans approved by security holders | 16,350,000 ⁽¹⁾ | \$0.09 | 23,632,821 ⁽²⁾ |
| Total | 16,350,000 | \$0.09 | 23,632,821 |

(1) Includes options to acquire 16,350,000 shares of common stock under the 2010 Plan.

(2) Includes 23,632,821 shares of common stock available for issuance under the 2019 Plan.

Recent Sales of Unregistered Securities and Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Recent Sales of Unregistered Securities

During the year ended October 31, 2019, 1,460,000 warrants to acquire 1,460,000 shares of common stock were exercised by participants in the Company’s July 2017 private placement at an exercise price of \$CDN 0.13 per share for aggregate gross proceeds of \$143,087 (\$CDN 189,800). The Company relied on the exemption from registration under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D, or Regulation S, for purposes of the issuance of common stock upon the exercise of the warrants.

Purchases of Equity Securities by the Company and Affiliated Purchasers

No purchases of equity securities were made by or on behalf of Silver Bull or any “affiliated purchaser” within the meaning of Rule 10b-18 under the Exchange Act during the period covered by this report.

Item 6. SELECTED FINANCIAL DATA

Not applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

Silver Bull, incorporated in Nevada, is an exploration stage company, engaged in the business of mineral exploration. Our primary objective is to define sufficient mineral reserves on the Sierra Mojada Property to justify the development of a mechanized mining operation. We conduct our operations in Mexico through our wholly-owned Mexican subsidiaries, Minera Metalin, Contratistas, and Minas. However, as noted above, we have not established any reserves at the Sierra Mojada Property, are in the exploration stage and may never enter the development or production stage.

Our principal office is located at 777 Dunsmuir Street, Suite 1610, Vancouver, BC, Canada V7Y 1K4, and our telephone number is 604-687-5800.

Current Year Developments

South32 Earn-In Option Agreement

On June 1, 2018, we and our subsidiaries Minera Metalin and Contratistas entered into the Option Agreement with South32, whereby South32 is able to obtain the Option to purchase 70% of the shares of Minera Metalin and Contratistas. Minera Metalin owns the Sierra Mojada Property located in Coahuila, Mexico, and Contratistas supplies labor for the Sierra Mojada Project. Under the Option Agreement, South32 earns into the Option by funding a collaborative exploration program on the Sierra Mojada Project. Upon the terms and subject to the conditions set forth in the Option Agreement, in order for South32 to earn and maintain its four-year Option, South32 must have contributed to Minera Metalin for exploration of the Sierra Mojada Project at least \$3 million by the end of Year 1, \$6 million by the end of Year 2, \$8 million by the end of Year 3 and \$10 million by the end of Year 4. Funding is made on a quarterly basis based on the following quarter's exploration budget. South32 may exercise the Option by contributing \$100 million to Minera Metalin, less the amount of Initial Funding previously contributed by South32. The issuance of shares upon notice of exercise of the Option by South32 is subject to antitrust approval by the Mexican government. If the full amount of the Subscription Payment is advanced by South32 and the Option becomes exercisable and is exercised, we and South32 will be obligated to contribute funding to Minera Metalin on a 30/70 pro rata basis. If South32 elects not to continue with the Option during the four-year option period, the Sierra Mojada Project will remain 100% owned by us. The exploration program will be initially managed by us with South32 being able to approve the exploration program funded by it. We received funding of \$3,144,163 from South32 for Year 1 of the Option Agreement. In April 2019, we received a notice from South32 to maintain the Option Agreement for Year 2 by providing cumulative funding of \$6 million by the end of such period. In May 2019, we received the initial payment of \$319,430 for Year 2 of the Option Agreement from South32. Cumulative funding received under the Option Agreement from South32 as of October 31, 2019 was \$3,463,593. Cumulative exploration expenditures under the Option Agreement as of October 31, 2019 was \$3,904,263. In November and December 2019, we received the second and third payments for Year 2 of the Option Agreement of \$666,336 and \$228,836, respectively, from South32. If the Option Agreement is terminated by South32 without cause or if South32 is unable to obtain antitrust authorization from the Mexican government, we are under no obligation to reimburse South32 for amounts contributed under the Option Agreement.

Upon exercise of the Option, Minera Metalin and Contratistas are required to issue common shares to South32. Pursuant to the Option Agreement, following exercise and until a decision has been made by the board of directors of Minera Metalin to develop and construct a mine on the Sierra Mojada Project, each shareholder holding greater than or equal to 10% of the shares may withdraw as an owner in exchange for a 2% net smelter royalty on products produced and sold from the Sierra Mojada Project. Any shareholder whose holdings are reduced to less than 10% must surrender its interest in exchange for a 2% net smelter royalty.

We have determined that Minera Metalin and Contratistas are variable interest entities and that the Option Agreement has not resulted in the transfer of control of the Sierra Mojada Project to South32. We have also determined that the Option Agreement represents non-employee share-based compensation associated with the collaborative exploration program undertaken by the parties. The compensation cost is expensed when the associated exploration activity occurs. The share-based payments have been classified as equity instruments and valued based on the fair value of consideration received, as it is more reliably measurable than the fair value of the equity interest. If the Option is exercised and shares are issued prior to a decision to develop a mine, such shares would be classified as temporary equity as they would be contingently redeemable in exchange for a net smelter royalty under circumstances not wholly in control of us or South32 and which are not currently probable.

On October 11, 2019, we and our subsidiary Minera Metalin issued a notice of force majeure to South32 pursuant to the Option Agreement. Due to a blockade by Mineros Norteños, we have temporarily halted all work on the Sierra Mojada Property. The notice of force majeure was issued because of the blockade's impact on the ability of us and our subsidiary Minera Metalin to perform their obligations under the Option Agreement. Pursuant to the Option Agreement, any time period provided for in the Option Agreement will generally be extended by a period equal to the period of delay caused by the event of force majeure.

2019 Warrants Exercised

During the year ended October 31, 2019, we raised net proceeds of approximately \$143,000 from the exercise of share purchase warrants as described in the “Material Changes in Financial Condition; Liquidity and Capital Resources” section.

Sierra Mojada Property

In January 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$1.8 million for the period from January 2019 through May 2019 and \$1.1 million for general and administrative expenses for calendar year 2019. In June 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$3.5 million for the period from June 2019 through May 2020. Due to the blockade by Mineros Norteños previously mentioned under “Current Year Developments – South32 Earn-in Option Agreement” of this Form 10-K, we have temporarily halted all exploration work at the Sierra Mojada Property.

Drilling

In April 2019, we commenced an 8,000-meter drilling program, which was subsequently increased to 12,000 meters. During the year ended October 31, 2019, we completed 8,314 meters of drilling before we halted the drilling program due to the blockade.

Airborne Geophysics

Between September 2018 and November 2018, we completed a 5,297 line kilometer helicopter-borne Versatile Time Domain Electro Magnetic (VTEM) and Magnetic Geophysical Survey over the Sierra Mojada Property. The results of this survey aided in refining the design of the drilling program.

2020 Exploration Program

The focus of our 2020 calendar year exploration program will be to resolve the blockade and to maintain our property concessions. If the blockade is resolved, we will work with South32 to approve an updated exploration program.

Results of Operations

Fiscal Year Ended October 31, 2019 Compared to Fiscal Year Ended October 31, 2018

For the fiscal year ended October 31, 2019, we reported a consolidated net loss of \$3,939,000 or approximately \$0.02 per share, compared to a consolidated net loss of \$3,520,000 or approximately \$0.02 per share during the fiscal year ended October 31, 2018. The \$419,000 increase in the consolidated net loss was due to a \$1,312,000 increase in exploration and property holding costs, a \$47,000 increase in general and administrative expenses and \$428,000 in other income in the 2019 fiscal year compared to \$514,000 in other expenses in the 2018 fiscal year as described below.

Exploration and Property Holding Costs

Exploration and property holding costs increased \$1,312,000 to \$2,553,000 in the 2019 fiscal year from \$1,241,000 in the 2018 fiscal year. This increase was mainly due to an increase in exploration activities under the Option Agreement, including our drilling program in the 2019 fiscal year.

General and Administrative Costs

General and administrative expenses increased \$47,000 to \$1,808,000 in the 2019 fiscal year from \$1,761,000 in the 2018 fiscal year as described below.

Personnel costs decreased \$10,000 to \$692,000 in the 2019 fiscal year from \$702,000 in the 2018 fiscal year. This decrease was mainly due to a special bonus payment due to the closing of the Option Agreement in the 2018 fiscal year and a \$6,000 decrease in stock-based compensation expense as a result of stock options vesting in the 2019 fiscal year having a lower fair value than stock options vesting in the 2018 fiscal year, which was partially offset by an increase in employees' salaries.

Office and administrative expenses decreased \$124,000 to \$447,000 in the 2019 fiscal year from \$571,000 in the 2018 fiscal year. This decrease was mainly due to a decrease in investor relations activities and travel costs.

Professional services increased \$21,000 to \$246,000 in the 2019 fiscal year from \$225,000 in the 2018 fiscal year. This increase was mainly due to an increase in accounting and legal fees.

Directors' fees decreased \$25,000 to \$201,000 in the 2019 fiscal year as compared to \$226,000 for the 2018 fiscal year. This decrease was primarily due to a bonus payment during the 2018 fiscal year and a \$3,000 decrease in stock-based compensation as a result of stock options vesting in the 2019 fiscal year having a lower fair value than stock options vesting in the 2018 fiscal year.

We recorded a \$222,000 provision for uncollectible VAT for the 2019 fiscal year as compared to a \$37,000 provision for uncollectible VAT in the 2018 fiscal year. The increase was mainly due to increased exploration activity at the Sierra Mojada Property and a reduction in the probability of collecting outstanding VAT. The allowance for uncollectible taxes in Mexico was estimated by management based upon a number of factors, including the length of time the returns have been outstanding, responses received from tax authorities, general economic conditions in Mexico and estimated net recovery after commissions.

Other Income (Expenses)

We recorded other income of \$428,000 in the 2019 fiscal year as compared to other expense of \$514,000 in the 2018 fiscal year. The significant factor contributing to other income in the 2019 fiscal year was \$393,000 in income from a change in the fair value of the warrant derivative liability that was due to a decrease in the fair value of warrants with \$CDN exercise prices from October 31, 2018 to October 31, 2019. The significant factor contributing to other expenses in the 2018 fiscal year was a \$511,000 expense from a change in the fair value of the warrant derivative liability that was due to an increase in the fair value of warrants with \$CDN exercise prices from October 31, 2017 to October 31, 2018.

Material Changes in Financial Condition; Liquidity and Capital Resources

2019 Warrants Exercised

During the year ended October 31, 2019, 1,460,000 warrants to acquire 1,460,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$143,000 (\$CDN 190,000). We incurred costs of \$210 related to these warrant exercises.

Cash Flows

During the 2019 fiscal year, we primarily utilized cash and cash equivalents to fund exploration activities at the Sierra Mojada Property and for general and administrative expenses. In addition, we received \$2,541,000 from South32 and net proceeds of \$143,000 from warrants exercised. As a result of the exploration activities and general and administrative expenses, which was partially offset by net cash proceeds received from warrants exercised and funding from South32, cash and cash equivalents decreased from \$3,026,000 at October 31, 2018 to \$1,432,000 at October 31, 2019.

Cash flows used in operations for the 2019 fiscal year was \$4,209,000 as compared to \$2,647,000 in the 2018 fiscal year. This increase was mainly due to increased exploration work at the Sierra Mojada Property and general and administrative expenses.

Cash flows used in investing activities for the 2019 fiscal year was \$69,000 for the acquisition of property concessions and purchase of equipment. Cash flows used in investing activities in the 2018 fiscal year was \$35,000 for the acquisition of property concessions and purchase of equipment.

Cash flows provided by financing activities for the 2019 fiscal year was \$2,684,000 as compared to \$5,026,000 in the 2018 fiscal year. The cash flows provided by financing activities in the 2019 fiscal year was due to warrant exercises and funding from South32, and the cash flows provided by financing activities in the 2018 fiscal year was due to a private placement, warrant exercises and funding from South32.

Capital Resources

As of October 31, 2019, we had cash and cash equivalents of \$1,432,000 as compared to cash and cash equivalents of \$3,026,000 as of October 31, 2018. The decrease in our liquidity was primarily the result of the exploration activities at the Sierra Mojada Property and general and administrative expenses, which was partially offset by warrant exercises and funding from South32.

Since our inception in November 1993, we have not generated revenue and have incurred an accumulated deficit of \$129,794,000. Accordingly, we have not generated cash flows from operations, and since inception we have relied primarily upon proceeds from private placements and registered direct offerings of our equity securities, warrant exercises and funding from South32 as the primary sources of financing to fund our operations. We anticipate that we will continue to rely on sales of our securities in order to continue to fund our business operations. The issuance of additional shares will result in dilution to our existing stockholders. There is no assurance that we will be able to complete any additional sales of our equity securities or that we will be able to arrange for other financing to fund our planned business activities.

Any future additional financing in the near term will likely be in the form of payments from South32 or an issuance of equity interests, which will result in dilution to our existing shareholders. Moreover, we may incur significant fees and expenses in the pursuit of a financing or other strategic transaction, which will increase the rate at which our cash and cash equivalents are depleted.

Capital Requirements and Liquidity; Need for Additional Funding

Our management and board of directors monitor our overall costs, expenses, and financial resources and, if necessary, will adjust our planned operational expenditures in an attempt to ensure that we have sufficient operating capital. We continue to evaluate our costs and planned expenditures, including for our Sierra Mojada Property as discussed below.

The continued exploration of the Sierra Mojada Property will require significant amounts of additional capital. In January 2020, our board of directors approved an exploration budget for the Sierra Mojada Property of \$0.2 million for the period from January 2020 through May 2020 and \$1.1 million for general and administrative expenses for calendar year 2020. As of December 31, 2019, we had approximately \$2 million in cash and cash equivalents of which \$0.3 million are unspent funds from South32. The continued exploration of the Sierra Mojada Property ultimately will require us to raise additional capital, identify other sources of funding or identify another strategic partner. For information about our current strategic partnership with South32, see Note 3 – Earn-In Option Agreement in our financial statements. If South32 exercises its option to purchase 70% of the equity of Minera Metalin and Contratistas, under the terms of the Option Agreement, we will retain a 30% ownership in Minera Metalin and Contratistas, and be obligated to contribute 30% of subsequent funding toward the development of the Sierra Mojada Project. If we fail to satisfy our funding commitment, our interest in Minera Metalin and Contratistas will be diluted. We do not currently have sufficient funds with which to satisfy this future funding commitment, and there is no certainty that we will be able to obtain sufficient future funds on acceptable terms or at all. If South32 terminates the Option Agreement, our funding obligations for the Sierra Mojada Property would increase, likely resulting in a reduction in exploration work on the Sierra Mojada Property. Debt or equity financing may not be available to us on acceptable terms, if at all. Equity financing, if available, may result in substantial dilution to existing stockholders. If we are unable to fund future operations by way of financings, including public or private offerings of equity or debt securities, our business, financial condition and results of operations will be adversely impacted.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our shareholders.

Recent Accounting Pronouncements Adopted in the Fiscal Year Ended October 31, 2019

Effective November 1, 2018, we adopted the Financial Accounting Standards Board's (the "FASB's") Accounting Standards Update ("ASU") 2017-05, "Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets," which addresses the transfer to noncustomers of nonfinancial assets or ownership interests in consolidated subsidiaries that do not constitute a business and the contribution of nonfinancial assets that are not a business to a joint venture or other noncontrolled investee. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," which clarifies the definition of a business to assist entities in the evaluation of acquisitions and disposals of assets or businesses. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides guidance on the presentation and classification of certain cash receipts and payments in the statement of cash flows. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which (i) requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, (ii) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (iii) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and (iv) eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures. Additionally, there were no changes in classification of the financial instruments as a result of the adoption.

Recent Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued ASU 2018-07, “Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting,” to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 simplifies the accounting for nonemployee share-based payments, aligning it more closely with the accounting for employee awards. These changes became effective for our fiscal year beginning November 1, 2019. At this time, we do not expect that this update will have a material impact on the Company’s financial position, results of operations or cash flows and disclosures.

In February 2016, the FASB issued ASU 2016-02, “Leases,” which will require lessees to recognize assets and liabilities for the rights and obligations created by most leases on the balance sheet. These changes became effective for our fiscal year beginning November 1, 2019. Modified retrospective adoption for all leases existing at, or entered into after, the date of initial application is required with an option to use certain transition relief. At this time, we do not expect that this update will have a material impact on the Company’s financial position, results of operations or cash flows and disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the SEC did not or are not expected to have a material impact on our present or future consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires us to establish accounting policies and make estimates and assumptions that affect our reported amounts of assets and liabilities at the date of the consolidated financial statements. These consolidated financial statements include some estimates and assumptions that are based on informed judgments and estimates of management. We evaluate our policies and estimates on an ongoing basis and discuss the development, selection and disclosure of critical accounting policies with the Audit Committee of the Board of Directors. Predicting future events is inherently an imprecise activity and as such requires the use of judgment. Our consolidated financial statements may differ based upon different estimates and assumptions.

We discuss our significant accounting policies in Note 2, Summary of Significant Accounting Policies, to our consolidated financial statements. Our significant accounting policies are subject to judgments and uncertainties that affect the application of such policies. We believe that these consolidated financial statements include the most likely outcomes with regard to amounts that are based on our judgment and estimates. Our consolidated financial position and results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. If estimates or assumptions prove to be different from the actual amounts, adjustments are made in subsequent periods to reflect more current information. We believe that the following accounting policies are critical to the preparation of our consolidated financial statements due to the estimation process and business judgment involved in their application:

Principles of Consolidation – South32 Option Agreement

We consolidate entities in which we have a controlling financial interest based on either the variable interest entity (VIE) or voting interest model. Generally, the primary beneficiary of a VIE is a reporting entity that has (a) the power to direct the activities that most significantly impact the VIE’s economic performance, and (b) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. Currently, we manage the mineral exploration program in the property concessions in Mexico through our wholly-owned subsidiary corporations Minera Metalin and Contratistas.

We have determined Minera Metalin and Contratistas are variable interest entities and we are the primary beneficiary.

We have applied judgment in reaching our conclusion with respect to accounting for the Option Agreement with South32, described in Note 3 to the consolidated financial statements. Under the Option Agreement, South32 is able to obtain an option to purchase 70% of the shares of Minera Metalin and Contratistas (the “Option”). We have determined that the Option Agreement has not resulted in the transfer of control of the Sierra Mojada Project to South32 and that the Option Arrangement represents non-employee share-based compensation associated with the collaborative exploration program undertaken by the parties. The compensation cost is expensed when the associated exploration activity occurs. The share-based payments have been classified as equity instruments and valued based on the fair value of consideration received, as it is more reliably measurable than the fair value of the equity interest. In the event the option is exercised and shares are issued prior to a decision to develop a mine, such shares would be classified as temporary equity as they would be contingently redeemable in exchange for a net smelter royalty under circumstances not wholly in control of us or South32 and which are not currently probable. No portion of the equity value has been classified as temporary equity as the option has no intrinsic value.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates based on assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and assumptions are accounted for prospectively.

Significant areas involving the use of estimates include determining the allowance for uncollectible taxes, evaluating recoverability of property concessions, evaluating impairment of long-lived assets, evaluating impairment of goodwill, establishing a valuation allowance on future use of deferred tax assets, calculating a valuation for stock option liability, calculating a valuation for warrant derivative liability and calculating stock-based compensation.

Property Concessions

Property concession acquisition costs are capitalized when incurred and will be amortized using the units of production method following the commencement of production. If a property concession is subsequently abandoned or impaired, any capitalized costs will be expensed in the period of abandonment or impairment. To date, no property concessions have reached the production stage.

Acquisition costs include cash consideration and the fair market value of shares issued on the acquisition of property concessions.

Exploration Costs

Exploration costs incurred are expensed to the date of establishing that costs incurred are economically recoverable. Exploration expenditures incurred subsequent to the establishment of economic recoverability are capitalized and included in the carrying amount of the related property. To date, we have not established the economic recoverability of our exploration prospects; therefore, all exploration costs are being expensed.

Impairment of Long-Lived Assets

We review and evaluate our long-lived assets for impairment when events and changes in circumstances indicate that the related carrying amounts of our assets may not be recoverable. Impairment is considered to exist if the future cash flows on an undiscounted basis are less than the carrying amount of the long-lived asset. An impairment loss is measured and recorded based on the difference between book value and fair value of the asset group. In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of cash flows from other asset groups. In estimating future cash flows, we estimate the price that would be received to sell an asset group in an orderly transaction between market participants at the measurement date. Significant factors that impact this price include the price of silver and zinc, and general market conditions for exploration companies, among other factors.

Goodwill

Goodwill is the purchase premium after adjusting for the fair value of net assets acquired. We test goodwill for impairment at the reporting unit level at least annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired. Goodwill impairment tests require judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. We perform our annual goodwill impairment tests on April 30th of each fiscal year.

Income Taxes

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. The law did not have a material impact on our financial position, results of operations or cash flows and disclosures.

We follow the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on temporary differences between the tax basis and accounting basis of the assets and liabilities measured using tax rates enacted at the balance sheet date. We recognize the tax benefit from uncertain tax positions only if it is at least “more likely than not” that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement with the taxing authorities. This accounting standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure.

A valuation allowance is recorded against deferred tax assets if management does not believe that we have met the “more likely than not” standard imposed by this guidance to allow recognition of such an asset. Management recorded a full valuation allowance at October 31, 2019 and October 31, 2018 against the deferred tax assets as it determined that future realization would not meet the “more likely than not” criteria.

Warrant Derivative Liability

We classified warrants with a \$CDN exercise price on our balance sheet as a derivative liability that is fair valued at each reporting period subsequent to the initial issuance as our functional currency is the U.S. dollar and the exercise price of the warrants is the \$CDN. We have used the Black-Scholes pricing model to value the warrants that do not have an acceleration feature and have used the Monte Carlo valuation model to value the warrants that do have an acceleration feature. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of our common stock at the date of issuance, and at each subsequent reporting period, is based on our historical volatility adjusted to reflect the implicit discount to historical volatilities observed in the prices of traded warrants. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend yield is expected to be none as we have not paid dividends nor do we anticipate paying any dividend in the foreseeable future.

The derivatives warrants are not traded in an active market and the fair value is determined using valuation techniques. The estimates may be significantly different from those recorded in the consolidated financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in the fair value are recorded in the consolidated statement of operations and comprehensive loss each reporting period.

Stock-Based Compensation

We use the Black-Scholes pricing model as a method for determining the estimated fair value for all stock options awarded to employees, officers, directors and consultants. The expected term of the options is based upon an evaluation of historical and expected future exercise behavior. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the options at the valuation date. Volatility is determined based upon historical volatility of our stock and adjusted if future volatility is expected to vary from historical experience. The dividend yield is assumed to be none as we have not paid dividends nor do we anticipate paying any dividends in the foreseeable future. We use the graded vesting attribution method to recognize compensation costs over the requisite service period. Stock options granted to consultants when the exercise price is in \$CDN are classified as stock option liability on our consolidated balance sheets upon vesting.

We classify cumulative compensation cost associated with options on subsidiary equity as additional paid-in capital until exercise.

Foreign Currency Translation

During the fiscal years ended October 31, 2019 and October 31, 2018, the functional currency of Silver Bull Resources, Inc. and our subsidiaries was the U.S. dollar.

During the fiscal years ended October 31, 2019 and October 31, 2018, our Mexican operations' monetary assets and liabilities were translated into U.S. dollars at the period-end exchange rate, and non-monetary assets and liabilities were translated using the historical exchange rate. Our Mexican operations' revenue and expenses were translated at the average exchange rate during the period except for depreciation of office and mining equipment, costs of office and mining equipment sold and impairment of property concessions, all of which are translated using the historical exchange rate. Foreign currency translation gains and losses of our Mexican operations are included in the consolidated statements of operations.

Accounting for Loss Contingencies and Legal Costs

From time to time, we are named as a defendant in legal actions arising from our normal business activities. We record an accrual for the estimated loss from a loss contingency when information available prior to issuance of our financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is made by Silver Bull Resources, Inc. if there is at least a reasonable possibility that a loss has been incurred, and either an accrual has not been made or an exposure to loss exists in excess of the amount accrued. In cases where only disclosure of the loss contingency is required, either the estimated loss or a range of estimated loss is disclosed or it is stated that an estimate cannot be made. Legal costs incurred in connection with loss contingencies are considered period costs and accordingly are expensed in the period services are provided.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Index to Consolidated Financial Statements" following the signature page of this Annual Report on Form 10-K.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of October 31, 2019, we have carried out an evaluation under the supervision of, and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on the evaluation as of October 31, 2019, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive and principal financial officers, we assessed, as of October 31, 2019, the effectiveness of our internal control over financial reporting. This assessment was based on criteria established in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment using those criteria, management concluded that our internal control over financial reporting as of October 31, 2019 was effective.

Internal control over financial reporting is defined as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

(c) Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal year ended October 31, 2019 that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

For information regarding our executive officers, see “*Items 1 and 2: Business and Properties – Executive Officers of Silver Bull Resources.*”

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2020 annual meeting of shareholders and is incorporated by reference in this report.

We have adopted a Code of Ethics that applies to all of our directors and employees, including our principal executive officer, principal financial officer, principal accounting officer, and those of our officers performing similar functions. The full text of our Code of Ethics can be found on the Corporate Governance page of our website – at <http://www.silverbullresources.com/corporate/corporate-governance/>. If our board of directors approves an amendment to or waiver from any provision of our Code of Ethics, we will disclose the required information pertaining to such amendment or waiver on our website.

Item 11. EXECUTIVE COMPENSATION

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2020 annual meeting of shareholders and is incorporated by reference in this report.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2020 annual meeting of shareholders and is incorporated by reference in this report.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2020 annual meeting of shareholders and is incorporated by reference in this report.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2020 annual meeting of shareholders and is incorporated by reference in this report.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements and Financial Statement Schedules

See “Index to Consolidated financial statements” on page F-1.

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|----------------|--|---------------------------|------------|---------|----------------|
| | | Form | Date Filed | Exhibit | |
| 3.1 | Restated Articles of Incorporation | 10-K | 1/14/2011 | 3.1.1 | |
| 3.1.1 | Amendment to Articles of Incorporation | 8-K | 4/26/2011 | 3.1 | |
| 3.2 | Amended and Restated Bylaws | 10-K | 1/14/2011 | 3.1.2 | |
| 4.1 | Description of Capital Stock | | | | X |
| 4.2 | Form of Warrant Certificate (Investors) | 8-K | 7/27/2018 | 10.2 | |
| 4.3 | Form of Warrant Certificate (Finders) | 8-K | 7/27/2018 | 10.3 | |
| 4.4 | Form of Warrant Certificate (Investors) | 8-K | 8/21/2018 | 10.2 | |
| 4.5 | Form of Warrant Certificate (Finders) | 8-K | 8/21/2018 | 10.3 | |
| 10.1 | Option Agreement, by and among the Company, Minera Metalin S.A. de C.V., Contratistas de Sierra Mojada S.A. de C.V., and South32 International Investment Holdings Pty Ltd, dated as of June 1, 2018 | 8-K | 6/7/2018 | 10.1 | |
| 10.1.1 | Amending Agreement No. 1, dated as of April 4, 2019 and effective as March 20, 2019, to the Option Agreement, dated as of June 1, 2018, by and among Silver Bull Resources, Inc., Minera Metalin S.A. de C.V., Contratistas de Sierra Mojada S.A. de C.V. and South32 International Investment Holding Pty Ltd | 8-K | 4/5/2019 | 10.1 | |
| 10.2 | Form of Subscription Agreement | 8-K | 7/27/2018 | 10.1 | |
| 10.3 | Form of Subscription Agreement | 8-K | 8/21/2018 | 10.1 | |
| 10.4+ | Silver Bull Resources, Inc. 2010 Stock Option Plan and Stock Bonus Plan, as amended | 10-Q | 6/14/2016 | 10.3 | |
| 10.5+ | Silver Bull Resources, Inc. 2019 Stock Option and Stock Bonus Plan | 10-Q | 6/14/2019 | 10.2 | |
| 10.6+ | Amended and Restated Employment Agreement, dated February 26, 2013, by and between the Company and Timothy Barry | 8-K | 3/1/2013 | 10.1 | |
| 10.6.1+ | Amendment to Amended and Restated Employment Agreement, dated February 23, 2016, by and between the Company and Timothy Barry | 8-K | 2/26/2016 | 10.1 | |
| 10.6.2+ | Amendment to Amended and Restated Employment Agreement, dated June 24, 2016, by and between the Company and Timothy Barry | 8-K | 6/28/2016 | 10.2 | |
| 10.6.3+ | Amendment to Amended and Restated Employment Agreement, dated August 28, 2018, by and between the Company and Timothy Barry | 8-K | 8/29/2018 | 10.2 | |
| 10.7+ | Amended and Restated Employment Agreement, dated February 26, 2013, by and between the Company and Sean Fallis | 8-K | 3/1/2013 | 10.2 | |
| 10.7.1+ | Amendment to Employment Agreement, dated February 26, 2015, by and between the Company and Sean Fallis | 8-K | 3/3/2015 | 10.1 | |

| | | | | | |
|----------|---|-----|-----------|------|---|
| 10.7.2+ | Amendment to Amended and Restated Employment Agreement, dated February 23, 2016, by and between the Company and Sean Fallis | 8-K | 2/26/2016 | 10.2 | |
| 10.7.3+ | Amendment to Employment Agreement, dated June 24, 2016, by and between the Company and Sean Fallis | 8-K | 6/28/2016 | 10.3 | |
| 10.7.4+ | Amendment to Amended and Restated Employment Agreement, dated August 28, 2018, by and between the Company and Sean Fallis | 8-K | 8/29/2018 | 10.3 | |
| 10.8+ | Amended and Restated Employment Agreement, dated February 26, 2013, by and between the Company and Brian Edgar | 8-K | 3/1/2013 | 10.3 | |
| 10.8.1+ | Amendment to Amended and Restated Employment Agreement, dated February 23, 2016, by and between the Company and Brian Edgar | 8-K | 2/26/2016 | 10.3 | |
| 10.8.2+ | Amendment to Amended and Restated Employment Agreement, dated June 24, 2016, by and between the Company and Brian Edgar | 8-K | 6/28/2016 | 10.1 | |
| 10.8.3+ | Amendment to Amended and Restated Employment Agreement, dated August 28, 2018, by and between the Company and Brian Edgar | 8-K | 8/29/2018 | 10.1 | |
| 10.9+ | Form of Amendment to Amended and Restated Employment Agreement, dated June 4, 2015, by and between the Company and each of Timothy Barry, Sean Fallis and Brian Edgar | 8-K | 6/8/2015 | 10.1 | |
| 10.10+ | Form of Indemnification Agreement (Directors and Officers) | | | | X |
| 14.1 | Code of Ethics | 8-K | 11/7/2019 | 14.1 | |
| 21.1 | Subsidiaries of the Registrant | | | | X |
| 23.1 | Consent of Smythe LLP | | | | X |
| 23.2 | Consent of Archer, Cathro & Associates (1981) Limited | | | | X |
| 31.1 | Certification of CEO pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 31.2 | Certification of CFO pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 32.1 | Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 32.2 | Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 101.INS* | XBRL Instance Document | | | | X |
| 101.SCH* | XBRL Schema Document | | | | X |
| 101.CAL* | XBRL Calculation Linkbase Document | | | | X |
| 101.DEF* | XBRL Definition Linkbase Document | | | | X |
| 101.LAB* | XBRL Labels Linkbase Document | | | | X |
| 101.PRE* | XBRL Presentation Linkbase Document | | | | X |
| 99.1† | Sierra Mojada location map | | | | X |

* The following financial information from Silver Bull Resources, Inc.'s Annual Report on Form 10-K for the fiscal year ended October 31, 2019, formatted in XBRL (Extensible Business Reporting Language): Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Loss, Consolidated Statement of Stockholders' Equity, Consolidated Statements of Cash Flows

+ Indicates a management contract or compensatory plan, contract or arrangement.

† Filed herewith under Items 1 and 2 – Business and Properties.

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SILVER BULL RESOURCES, INC.

Date: January 13, 2020

By: /s/ Timothy Barry

Timothy Barry,
President and Chief Executive Officer
(Principal Executive Officer)

Date: January 13, 2020

By: /s/ Sean Fallis

Sean Fallis,
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: January 13, 2020

By: /s/ Timothy Barry

Timothy Barry,
President and Chief Executive Officer and Director

Date: January 13, 2020

By: /s/ Brian Edgar

Brian Edgar,
Director

Date: January 13, 2020

By: /s/ Daniel Kunz

Daniel Kunz,
Director

Date: January 13, 2020

By: /s/ John McClintock

John McClintock,
Director

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

SILVER BULL RESOURCES, INC.
(An Exploration Stage Company)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Silver Bull Resources, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Silver Bull Resources, Inc. (an exploration stage company) as of October 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Smythe LLP

Smythe LLP, Chartered Professional Accountants

We have served as the Company's auditor since 2016.

Vancouver, Canada
January 13, 2020

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

| | <u>October 31,</u> <u>2019</u> | <u>October 31,</u> <u>2018</u> |
|--|-----------------------------------|-----------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,431,634 | \$ 3,025,839 |
| Value-added tax receivable, net of allowance for uncollectible taxes of \$327,624 and \$98,414, respectively (Note 4) | 255,847 | 175,020 |
| Income tax receivables | 784 | 160 |
| Other receivables | 8,543 | 12,045 |
| Prepaid expenses and deposits | 204,713 | 237,253 |
| Total Current Assets | <u>1,901,521</u> | <u>3,450,317</u> |
| Office and mining equipment, net (Note 5) | 226,413 | 201,486 |
| Property concessions (Note 6) | 5,019,927 | 5,019,927 |
| Goodwill (Note 7) | 2,058,031 | 2,058,031 |
| TOTAL ASSETS | <u>\$ 9,205,892</u> | <u>\$ 10,729,761</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 328,943 | \$ 253,327 |
| Accrued liabilities and expenses | 305,446 | 439,450 |
| Income tax payable | 1,825 | 4,700 |
| Stock option liability (Note 9) | 4,803 | 25,116 |
| Warrant derivative liability (Note 10) | — | 405,500 |
| Total Current Liabilities | <u>641,017</u> | <u>1,128,093</u> |
| COMMITMENTS AND CONTINGENCIES (Note 13) | | |
| STOCKHOLDERS' EQUITY (Notes 3, 8, 9 and 10) | | |
| Common stock, \$0.01 par value; 300,000,000 shares authorized, 236,328,214 and 234,868,214 shares issued and outstanding, respectively | 2,363,282 | 2,348,682 |
| Additional paid-in capital | 135,902,944 | 133,015,768 |
| Accumulated deficit | (129,793,599) | (125,855,030) |
| Other comprehensive income | 92,248 | 92,248 |
| Total Stockholders' Equity | <u>8,564,875</u> | <u>9,601,668</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 9,205,892</u> | <u>\$ 10,729,761</u> |

The accompanying notes are an integral part of these consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

| | Years Ended October 31, | |
|--|-------------------------|-----------------------|
| | 2019 | 2018 |
| REVENUES | \$ — | \$ — |
| EXPLORATION AND PROPERTY HOLDING COSTS | | |
| Exploration and property holding costs | 2,508,602 | 1,213,519 |
| Depreciation, asset and property concessions' impairment (Notes 5 and 6) | 44,119 | 27,105 |
| TOTAL EXPLORATION AND PROPERTY HOLDING COSTS | <u>2,552,721</u> | <u>1,240,624</u> |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Personnel | 692,242 | 701,560 |
| Office and administrative | 446,853 | 571,064 |
| Professional services | 245,949 | 224,846 |
| Directors' fees | 201,073 | 226,473 |
| Provision for uncollectible value-added taxes (Note 4) | 222,130 | 37,457 |
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES | <u>1,808,247</u> | <u>1,761,400</u> |
| LOSS FROM OPERATIONS | (4,360,968) | (3,002,024) |
| OTHER INCOME (EXPENSES) | | |
| Interest income | 28,443 | 4,065 |
| Interest and finance costs | — | (2,329) |
| Foreign currency transaction loss | (15,214) | (13,106) |
| Change in fair value of stock option liability (Note 9) | 21,105 | 8,189 |
| Change in fair value of warrant derivative liability (Note 10) | 393,374 | (510,968) |
| Miscellaneous income | — | 225 |
| TOTAL OTHER INCOME (EXPENSES) | <u>427,708</u> | <u>(513,924)</u> |
| LOSS BEFORE INCOME TAXES | (3,933,260) | (3,515,948) |
| INCOME TAX EXPENSE (Note 11) | 5,309 | 3,718 |
| NET AND COMPREHENSIVE LOSS | <u>\$ (3,938,569)</u> | <u>\$ (3,519,666)</u> |
| BASIC AND DILUTED NET LOSS PER COMMON SHARE | <u>\$ (0.02)</u> | <u>\$ (0.02)</u> |
| BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | <u>235,886,730</u> | <u>210,615,345</u> |

The accompanying notes are an integral part of these consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended October 31, | |
|---|--------------------------------|---------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (3,938,569) | \$ (3,519,666) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation, asset and property concessions' impairment | 44,119 | 27,105 |
| Provision for uncollectible value-added taxes | 222,130 | 37,457 |
| Foreign currency transaction loss (gain) | 145 | (4,132) |
| Change in fair value of warrant derivative liability (Note 10) | (393,374) | 510,968 |
| Change in fair value of stock option liability (Note 9) | (21,105) | (8,189) |
| Stock options issued for compensation (Note 9) | 206,756 | 245,629 |
| Changes in operating assets and liabilities: | | |
| Value-added tax receivable | (288,673) | (64,635) |
| Income tax receivables | (604) | (170) |
| Other receivables | 3,641 | (6,865) |
| Prepaid expenses and deposits | 31,090 | (121,499) |
| Accounts payable | 71,476 | 121,484 |
| Accrued liabilities and expenses | (143,286) | 135,216 |
| Income tax payable | (2,875) | (80) |
| Net cash used in operating activities | <u>(4,209,129)</u> | <u>(2,647,377)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of property concessions | (11,821) | (15,541) |
| Purchase of equipment | (57,224) | (19,836) |
| Net cash used in investing activities | <u>(69,045)</u> | <u>(35,377)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Property concessions funding (Note 3) | 2,540,810 | 922,783 |
| Proceeds from exercise of warrants, net of costs (Note 8) | 142,876 | 633,908 |
| Proceeds from issuance of common stock, net of offering costs (Note 8) | — | 3,469,657 |
| Net cash provided by financing activities | <u>2,683,686</u> | <u>5,026,348</u> |
| Effect of exchange rates on cash and cash equivalents | 283 | 469 |
| Net (decrease) increase in cash and cash equivalents | (1,594,205) | 2,344,063 |
| Cash and cash equivalents beginning of year | <u>3,025,839</u> | <u>681,776</u> |
| Cash and cash equivalents end of year | <u>\$ 1,431,634</u> | <u>\$ 3,025,839</u> |

The accompanying notes are an integral part of these consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

| | <u>Years Ended October 31,</u> | |
|---|--------------------------------|-------------|
| | <u>2019</u> | <u>2018</u> |
| SUPPLEMENTAL CASH FLOW DISCLOSURES: | | |
| Income taxes paid | \$ 8,080 | \$ 4,599 |
| Interest paid | \$ — | \$ 2,329 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Warrants issued for financing fees (Note 8) | \$ — | \$ 26,165 |
| Offering costs included in accounts payable and accrued liabilities | \$ — | \$ 50,653 |

The accompanying notes are an integral part of these consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

| | Common Stock | | | | | |
|--|-----------------------------|---------------------|---|--------------------------------|---|---------------------|
| | Number of Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Other Comprehensive Income | Total |
| Balance, November 1, 2017 | 199,259,967 | \$ 1,992,599 | \$ 127,679,664 | \$ (122,335,364) | \$ 92,248 | \$ 7,429,147 |
| Issuance of common stock as follows: | | | | | | |
| - for cash at a price of \$0.13 per share with attached warrants, less offering costs of \$343,816 (Note 8) | 29,141,872 | 291,419 | 3,153,208 | — | — | 3,444,627 |
| - exercise of warrants at a price of \$CDN 0.13 per share, less costs of \$795 (Note 8) | 5,565,000 | 55,650 | 508,689 | — | — | 564,339 |
| - exercise of agent warrants at a price of \$CDN 0.10 per share, less costs of \$333 (Note 8) | 901,375 | 9,014 | 60,556 | — | — | 69,570 |
| Earn-In Option Agreement (Note 3) | — | — | 922,783 | — | — | 922,783 |
| Stock-based compensation for options issued to directors, officers, employees and consultants | — | — | 245,629 | — | — | 245,629 |
| Fair value of warrants issued to agents in connection with the \$0.13 per share private placement (Notes 8 and 10) | — | — | 26,165 | — | — | 26,165 |
| Reclassification of consultants' stock options to liability (Note 9) | — | — | (28,111) | — | — | (28,111) |
| Reclassification to additional paid-in capital upon exercise of warrants at price of \$CDN 0.13 (Note 10) | — | — | 385,738 | — | — | 385,738 |
| Reclassification to additional paid-in capital upon exercise of warrants at price of \$CDN 0.10 (Note 10) | — | — | 61,447 | — | — | 61,447 |
| Net loss for the year ended October 31, 2018 | — | — | — | (3,519,666) | — | (3,519,666) |
| Balance, October 31, 2018 | <u>234,868,214</u> | <u>\$ 2,348,682</u> | <u>\$ 133,015,768</u> | <u>\$ (125,855,030)</u> | <u>\$ 92,248</u> | <u>\$ 9,601,668</u> |
| Issuance of common stock as follows: | | | | | | |
| - Exercise of warrants at a price of \$0.13 per share less costs of \$210 (Note 8) | 1,460,000 | 14,600 | 128,276 | — | — | 142,876 |
| Earn-In Option Agreement (Note 3) | — | — | 2,540,810 | — | — | 2,540,810 |
| Reclassification to additional paid-in capital upon exercise of warrants at price of \$CDN 0.13 (Note 10) | — | — | 12,126 | — | — | 12,126 |
| Reclassification of consultants' stock options to liability (Note 9) | — | — | (792) | — | — | (792) |
| Stock-based compensation for options issued to directors, officers, employees and consultants | — | — | 206,756 | — | — | 206,756 |
| Net loss for the year ended October 31, 2019 | — | — | — | (3,938,569) | — | (3,938,569) |
| Balance, October 31, 2019 | <u>236,328,214</u> | <u>\$ 2,363,282</u> | <u>\$ 135,902,944</u> | <u>\$ (129,793,599)</u> | <u>\$ 92,248</u> | <u>\$ 8,564,875</u> |

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Silver Bull Resources, Inc. (the “Company”) was incorporated in the State of Nevada on November 8, 1993 as the Cadgie Company for the purpose of acquiring and developing mineral properties. The Cadgie Company was a spin-off from its predecessor, Precious Metal Mines, Inc. On June 28, 1996, the Company’s name was changed to Metalline Mining Company. On April 21, 2011, the Company’s name was changed to Silver Bull Resources, Inc. The Company’s fiscal year-end is October 31. The Company has not realized any revenues from its planned operations and is considered an exploration stage company. The Company has not established any reserves with respect to its exploration projects and may never enter into the development stage with respect to any of its projects.

The Company engages in the business of mineral exploration. The Company currently owns a number of property concessions in Mexico (collectively known as the “Sierra Mojada Property”). The Company conducts its operations in Mexico through its wholly-owned subsidiary corporations, Minera Metalin S.A. de C.V. (“Minera Metalin”), Contratistas de Sierra Mojada S.A. de C.V. (“Contratistas”) and Minas de Coahuila SBR S.A. de C.V. (“Minas”).

On April 16, 2010, Metalline Mining Delaware, Inc., a wholly-owned subsidiary of the Company incorporated in the State of Delaware, was merged with and into Dome Ventures Corporation (“Dome”), a Delaware corporation. As a result, Dome became a wholly-owned subsidiary of the Company. Dome has a wholly-owned subsidiary Dome Asia Inc. (“Dome Asia”), which is incorporated in the British Virgin Islands. Dome Asia has a wholly-owned subsidiary, Dome Minerals Nigeria Limited, incorporated in Nigeria.

The Company’s efforts and expenditures have been concentrated on the exploration of properties, principally in the Sierra Mojada Property located in Coahuila, Mexico. The Company has not determined whether its exploration properties contain ore reserves that are economically recoverable. The ultimate realization of the Company’s investment in exploration properties is dependent upon the success of future property sales, the existence of economically recoverable reserves, and the ability of the Company to obtain financing or make other arrangements for exploration, development, and future profitable production activities. The ultimate realization of the Company’s investment in exploration properties cannot be determined at this time.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the consolidated financial statements. The consolidated financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity.

Basis of Presentation

The Company’s consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) using the accrual method of accounting, except for cash flow amounts.

All figures are in United States dollars unless otherwise noted.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, after elimination of intercompany accounts and transactions. The wholly owned subsidiaries of the Company are listed in Note 1 to the consolidated financial statements.

The Company consolidates entities in which it has a controlling financial interest based on either the variable interest entity (VIE) or voting interest model.

Under the VIE model, a VIE is a reporting entity that has (a) the power to direct the activities that most significantly impact the VIE’s economic performance, and (b) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. Currently, the Company manages the mineral exploration program in the property concessions in Mexico through its wholly-owned subsidiary corporations Minera Metalin and Contratistas.

The Company has determined Minera Metalin and Contratistas are variable interest entities and the Company is the primary beneficiary.

Use of Estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates based on assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and assumptions are accounted for prospectively.

Significant areas involving the use of estimates include determining the allowance for uncollectible taxes, evaluating recoverability of property concessions, evaluating impairment of long-lived assets, evaluating impairment of goodwill, establishing a valuation allowance on future use of deferred tax assets, calculating a valuation for stock option liability, calculating a valuation for warrant derivative liability and calculating stock-based compensation.

Cash and Cash Equivalents

Cash and cash equivalents include all highly-liquid investments with an original maturity of three months or less at the date of purchase.

Property Concessions

Property concession acquisition costs are capitalized when incurred and will be amortized using the units of production method following the commencement of production. If a property concession is subsequently abandoned or impaired, any capitalized costs will be expensed in the period of abandonment or impairment. To date, no property concessions have reached the production stage.

Acquisition costs include cash consideration and the fair market value of shares issued on the acquisition of property concessions.

Exploration Costs

Exploration costs incurred are expensed to the date of establishing that costs incurred are economically recoverable. Exploration expenditures incurred subsequent to the establishment of economic recoverability are capitalized and included in the carrying amount of the related property. To date, the Company has not established the economic recoverability of its exploration prospects; therefore, all exploration costs are being expensed.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Assets under construction are depreciated when they are substantially complete and available for their intended use, over their estimated useful lives. Repairs and maintenance of property and equipment are expensed as incurred. Costs incurred to enhance the service potential of property and equipment are capitalized and depreciated over the remaining useful life of the improved asset. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets as follows:

- Mining equipment – five to 10 years
- Vehicles – four years
- Building and structures – 40 years
- Computer equipment and software – three years
- Well equipment – 10 to 40 years
- Office equipment – three to 10 years

Impairment of Long-Lived Assets

Management reviews and evaluates its long-lived assets for impairment when events and changes in circumstances indicate that the related carrying amounts of its assets may not be recoverable. Impairment is considered to exist if the future cash flows on an undiscounted basis are less than the carrying amount of the long-lived asset. An impairment loss is measured and recorded based on the difference between book value and fair value of the asset group. In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of cash flows from other asset groups. In estimating future cash flows, the Company estimates the price that would be received to sell an asset group in an orderly transaction between market participants at the measurement date. Significant factors that impact this price include the price of silver and zinc, and general market conditions for exploration companies, among other factors.

Goodwill

Goodwill is the purchase premium after adjusting for the fair value of net assets acquired. The Company tests goodwill for impairment at the reporting unit level at least annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired. Goodwill impairment tests require judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The Company performs its annual goodwill impairment tests on April 30th of each fiscal year.

Income Taxes

The Tax Cuts and Jobs Act of 2017 (the “Tax Act”) was signed into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. The law did not have a material impact on the Company’s financial position, results of operations or cash flows and disclosures.

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on temporary differences between the tax basis and accounting basis of the assets and liabilities measured using tax rates enacted at the balance sheet date. The Company recognizes the tax benefit from uncertain tax positions only if it is at least “more likely than not” that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement with the taxing authorities. This accounting standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure.

A valuation allowance is recorded against deferred tax assets if management does not believe that the Company has met the “more likely than not” standard imposed by this guidance to allow recognition of such an asset. Management recorded a full valuation allowance at October 31, 2019 and 2018 against the deferred tax assets as it determined that future realization would not meet the “more likely than not” criteria.

Warrant Derivative Liability

The Company classifies warrants with a Canadian Dollar (“\$CDN”) exercise price on its consolidated balance sheets as a derivative liability that is fair valued at each reporting period subsequent to the initial issuance as the functional currency of Silver Bull is the U.S. dollar and the exercise price of the warrants is the \$CDN. The Company has used the Black-Scholes pricing model to fair value the warrants that do not have an acceleration feature and has used the Monte Carlo valuation model to fair value the warrants that do have an acceleration feature. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of the Company’s common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility adjusted to reflect the implicit discount to historical volatilities observed in the prices of traded warrants. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend yield is expected to be none as the Company has not paid dividend nor does the Company anticipate paying any dividend in the foreseeable future.

The derivatives warrants are not traded in an active market and the fair value is determined using valuation techniques. The estimates may be significantly different from those recorded in the consolidated financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in the fair value are recorded in the consolidated statement of operations and comprehensive loss each reporting period.

Stock-Based Compensation

The Company uses the Black-Scholes pricing model as a method for determining the estimated fair value for all stock options awarded to employees, officers, directors and consultants. The expected term of the options is based upon an evaluation of historical and expected future exercise behavior. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the options at the valuation date. Volatility is determined based upon historical volatility of the Company’s stock and adjusted if future volatility is expected to vary from historical experience. The dividend yield is assumed to be none as the Company has not paid dividends nor does the Company anticipate paying any dividends in the foreseeable future. The Company uses the graded vesting attribution method to recognize compensation costs over the requisite service period. Stock options granted to consultants when the exercise price is in \$CDN are classified as stock option liability on the Company’s consolidated balance sheets upon vesting.

The Company classifies cumulative compensation cost associated with options on subsidiary equity as additional paid-in capital until exercise.

Loss per Share

Basic loss per share includes no dilution and is computed by dividing net loss available to common shareholders by the weighted average common shares outstanding for the period. Diluted loss per share reflects the potential dilution of securities that could share in the earnings of an entity similar to fully diluted loss per share. Although there were stock options and warrants in the aggregate of 32,152,305 shares and 55,250,230 shares outstanding at October 31, 2019 and 2018, respectively, they were not included in the calculation of loss per share because they would have been considered anti-dilutive.

Foreign Currency Translation

During the years ended October 31, 2019 and 2018, the functional currency of Silver Bull Resources, Inc. and its subsidiaries was the U.S. dollar.

During the years ended October 31, 2019 and 2018, the Company's Mexican operations' monetary assets and liabilities were translated into U.S. dollars at the period-end exchange rate and non-monetary assets and liabilities were translated using the historical exchange rate. The Company's Mexican operations' revenue and expenses were translated at the average exchange rate during the period except for depreciation of office and mining equipment, costs of office and mining equipment sold and impairment of property concessions, all of which are translated using the historical exchange rate. Foreign currency translation gains and losses of the Company's Mexican operations are included in the consolidated statement of operations.

Accounting for Loss Contingencies and Legal Costs

From time to time, the Company is named as a defendant in legal actions arising from its normal business activities. The Company records an accrual for the estimated loss from a loss contingency when information available prior to issuance of its financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is made by the Company if there is at least a reasonable possibility that a loss has been incurred, and either an accrual has not been made or an exposure to loss exists in excess of the amount accrued. In cases where only disclosure of the loss contingency is required, either the estimated loss or a range of estimated loss is disclosed or it is stated that an estimate cannot be made. Legal costs incurred in connection with loss contingencies are considered period costs and accordingly are expensed in the period services are provided.

Recent Accounting Pronouncements Adopted in the Year

Effective November 1, 2018, the Company adopted the Financial Accounting Standards Board's (the "FASB's") Accounting Standards Update ("ASU") 2017-05, "Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets," which addresses the transfer to noncustomers of nonfinancial assets or ownership interests in consolidated subsidiaries that do not constitute a business and the contribution of nonfinancial assets that are not a business to a joint venture or other noncontrolled investee. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," which clarifies the definition of a business to assist entities in the evaluation of acquisitions and disposals of assets or businesses. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which required entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides guidance on the presentation and classification of certain cash receipts and payments in the statement of cash flows. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which (i) requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, (ii) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (iii) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and (iv) eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures. Additionally, there were no changes in classification of the financial instruments as a result of the adoption.

Recent Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued ASU 2018-07, "Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting," to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 simplifies the accounting for nonemployee share-based payments, aligning it more closely with the accounting for employee awards. These changes became effective for the Company's fiscal year beginning November 1, 2019. At this time, the Company does not expect that this update will have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

In February 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize assets and liabilities for the rights and obligations created by most leases on the balance sheet. These changes became effective for the Company's fiscal year beginning November 1, 2019. Modified retrospective adoption for all leases existing at, or entered into after, the date of initial application is required with an option to use certain transition relief. At this time, the Company does not expect that this update will have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the SEC did not or are not expected to have a material impact on the Company's present or future consolidated financial statements.

NOTE 3 – EARN-IN OPTION AGREEMENT

On June 1, 2018, the Company and its subsidiaries Minera Metalin and Contratistas entered into an Earn-In Option Agreement (the "Option Agreement") with South32 International Investment Holdings Pty Ltd ("South32"), a wholly-owned subsidiary of South32 Limited (ASX/JSE/LSE: S32), whereby South32 is able to obtain an option to purchase 70% of the shares of Minera Metalin and Contratistas (the "Option"). Minera Metalin owns the Sierra Mojada Property located in Coahuila, Mexico (the "Sierra Mojada Project"), and Contratistas supplies labor for the Sierra Mojada Project. Under the Option Agreement, South32 earns into the Option by funding a collaborative exploration program on the Sierra Mojada Project. Upon the terms and subject to the conditions set forth in the Option Agreement, in order for South32 to earn and maintain its four-year Option, South32 must have contributed to Minera Metalin for exploration of the Sierra Mojada Project at least \$3 million by the end of Year 1, \$6 million by the end of Year 2, \$8 million by the end of Year 3 and \$10 million by the end of Year 4 (the "Initial Funding"). Funding is made on a quarterly basis based on the subsequent quarter's exploration budget. South32 may exercise the Option by contributing \$100 million to Minera Metalin (the "Subscription Payment"), less the amount of Initial Funding previously contributed by South32. The issuance of shares upon notice of exercise of the Option by South32 is subject to antitrust approval by the Mexican government. If the full amount of the Subscription Payment is advanced by South32 and the Option becomes exercisable and is exercised, the Company and South32 will be obligated to contribute funding to Minera Metalin on a 30/70 pro rata basis. If South32 elects not to continue with the Option during the four-year option period, the Sierra Mojada Project will remain 100% owned by the Company. The exploration program will be initially managed by the Company, with South32 being able to approve the exploration program funded by it. The Company received funding of \$3,144,163 from South32 for Year 1 of the Option Agreement. In April 2019, the Company received a notice from South32 to maintain the Option Agreement for Year 2 by providing cumulative funding of \$6 million by the end of such period. In May 2019, the Company received the initial payment of \$319,430 for Year 2 of the Option Agreement from South32. Cumulative funding received under the Option Agreement from South32 as of October 31, 2019 was \$3,463,593. Cumulative exploration expenditures under the Option Agreement as of October 31, 2019 was \$3,904,263. In November and December 2019, we received the second and third payments for Year 2 of the Option Agreement of \$666,336 and \$228,836, respectively, from South32. If the Option Agreement is terminated by South32 without cause or if South32 is unable to obtain antitrust authorization from the Mexican government, the Company is under no obligation to reimburse South32 for amounts contributed under the Option Agreement.

Upon exercise of the Option, Minera Metalin and Contratistas are required to issue common shares to South32. Pursuant to the Option Agreement, following exercise and until a decision has been made by the board of directors of Minera Metalin to develop and construct a mine on the Sierra Mojada Project, each shareholder holding greater than or equal to 10% of the shares may withdraw as an owner in exchange for a 2% net smelter royalty on products produced and sold from the Sierra Mojada Project. Any shareholder whose holdings are reduced to less than 10% must surrender its interest in exchange for a 2% net smelter royalty.

The Company has determined that Minera Metalin and Contratistas are variable interest entities and that the Option Agreement has not resulted in the transfer of control of the Sierra Mojada Project to South32. The Company has also determined that the Option Agreement represents non-employee share-based compensation associated with the collaborative exploration program undertaken by the parties. The compensation cost is expensed when the associated exploration activity occurs. The share-based payments have been classified as equity instruments and valued based on the fair value of the cash consideration received, as it is more reliably measurable than the fair value of the equity interest. If the Option is exercised and shares are issued prior to a decision to develop a mine, such shares would be classified as temporary equity as they would be contingently redeemable in exchange for a net smelter royalty under circumstances that are not wholly in control of the Company or South32 and are not currently probable.

No portion of the equity value has been classified as temporary equity as the option has no intrinsic value.

On October 11, 2019, the Company and its subsidiary Minera Metalin issued a notice of force majeure to South32 pursuant to the Option Agreement. Due to a blockade by a cooperative of local miners called Sociedad Cooperativa de Exploración Minera Mineros Norteños, S.C.L. (“Mineros Norteños”), the Company has temporarily halted all work on the Sierra Mojada Property. The notice of force majeure was issued because of the blockade’s impact on the ability of the Company and its subsidiary Minera Metalin to perform their obligations under the Option Agreement. Pursuant to the Option Agreement, any time period provided for in the Option Agreement will generally be extended by a period equal to the period of delay caused by the event of force majeure.

The combined carrying amount of the assets and liabilities of Minera Metalin and Contratistas (consolidated with their wholly-owned subsidiary) are as follows at October 31, 2019:

| | Mexico |
|--|---------------------|
| Assets: | |
| Cash and cash equivalents | \$ 62,000 |
| Value-added tax receivable, net | 256,000 |
| Other receivables | 5,000 |
| Income tax receivable | 1,000 |
| Prepaid expenses and deposits | 101,000 |
| Office and mining equipment, net | 226,000 |
| Property concessions | 5,020,000 |
| Total assets | <u>\$ 5,671,000</u> |
| Liabilities: | |
| Accounts payable | 206,000 |
| Accrued liabilities and expenses | 160,000 |
| Payable to Silver Bull Resources, Inc. to be converted to equity upon exercise of the Option | 3,992,000 |
| Total liabilities | <u>\$ 4,358,000</u> |
| Net advances and investment in the Company’s Mexican subsidiaries | <u>\$ 1,313,000</u> |

The Company’s maximum exposure to loss at October 31, 2019 is \$5,305,000, which includes the carrying value of the VIEs’ net assets excluding the payable to Silver Bull Resources, Inc.

NOTE 4 – VALUE-ADDED TAX RECEIVABLE

Value-added tax (“VAT”) receivable relates to VAT paid in Mexico. The Company estimates net VAT of \$255,847 will be received within 12 months of the balance sheet date. The allowance for uncollectible VAT was estimated by management based upon a number of factors, including the length of time the returns have been outstanding, responses received from tax authorities, general economic conditions in Mexico and estimated net recovery after commissions.

A summary of the changes in the allowance for uncollectible VAT for the fiscal years ended October 31, 2019 and 2018 is as follows:

| | | |
|--|----|-----------------------|
| Allowance for uncollectible VAT – October 31, 2017 | \$ | 67,729 |
| Provision for uncollectible VAT | | 37,457 |
| Write-off VAT receivable | | (3,440) |
| Foreign currency translation adjustment | | (3,332) |
| Allowance for uncollectible VAT – October 31, 2018 | | <u>98,414</u> |
| Provision for uncollectible VAT | | 222,130 |
| Foreign currency translation adjustment | | 7,080 |
| Allowance for uncollectible VAT – October 31, 2019 | \$ | <u><u>327,624</u></u> |

NOTE 5 – OFFICE AND MINING EQUIPMENT

The following is a summary of the Company’s office and mining equipment at October 31, 2019 and October 31, 2018:

| | <u>October 31,</u> <u>2019</u> | <u>October 31,</u> <u>2018</u> |
|----------------------------------|-----------------------------------|-----------------------------------|
| Mining equipment | \$ 396,152 | \$ 358,513 |
| Vehicles | 92,873 | 73,287 |
| Buildings and structures | 185,724 | 185,724 |
| Computer equipment and software | 74,236 | 74,236 |
| Well equipment | 39,637 | 39,637 |
| Office equipment | 47,597 | 47,597 |
| | <u>836,219</u> | <u>778,994</u> |
| Less: Accumulated depreciation | (609,806) | (577,508) |
| Office and mining equipment, net | <u>\$ 226,413</u> | <u>\$ 201,486</u> |

NOTE 6 – PROPERTY CONCESSIONS

The following is a summary of the Company’s property concessions in Sierra Mojada, Mexico as at October 31, 2019 and 2018:

| | | |
|---|----|-------------------------|
| Property Concessions – October 31, 2017 | \$ | 5,004,386 |
| Acquisitions | | 15,541 |
| Property Concessions – October 31, 2018 | \$ | <u>5,019,927</u> |
| Acquisitions | | 11,821 |
| Impairment | | (11,821) |
| Property Concessions – October 31, 2019 | \$ | <u><u>5,019,927</u></u> |

NOTE 7 – GOODWILL

Goodwill represents the excess, at the date of acquisition, of the purchase price of the business acquired over the fair value of the net tangible and intangible assets acquired. On April 30, 2019, the Company elected to perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. Based on this assessment, management determined it is not more likely than not that the fair value of the reporting unit is less than its carrying amount.

The following is a summary of the Company’s goodwill balance as at October 31, 2019 and 2018:

| | | |
|--------------------------------------|----|-------------------------|
| Goodwill – October 31, 2019 and 2018 | \$ | <u><u>2,058,031</u></u> |
|--------------------------------------|----|-------------------------|

NOTE 8 – COMMON STOCK

On March 6, 2019, 460,000 warrants to acquire 460,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$44,560 (\$CDN 59,800).

On February 21, 2019, 600,000 warrants to acquire 600,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$59,109 (\$CDN 78,000).

On January 30, 2019, 400,000 warrants to acquire 400,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$39,418 (\$CDN 52,000).

The Company incurred costs of \$210 related to warrant exercises in the year ended October 31, 2019.

On July 25 and August 20, 2018, the Company completed a two-tranche private placement for 29,141,872 units at a purchase price of \$0.13 per unit (the "\$0.13 Unit") for gross proceeds of \$3,788,443. Each \$0.13 Unit consists of one share of the Company's common stock and one half of one common stock purchase warrant (the "\$0.13 Warrant"). Each full \$0.13 Warrant entitles the holder thereof to acquire one share of common stock at a price of \$0.16 for a period of 24 months from the closing of the private placement. The Company paid a 7% finder's fee totaling \$224,110 to agents with respect to certain purchasers who were introduced by these agents. In addition, the agents received 1,231,374 non-transferable warrants (the "2018 Agent's Warrants"). Each 2018 Agent's Warrant entitles an agent to acquire one share of common stock at a price of \$0.14 for a period of 24 months from the closing of the private placement. The fair value of the 2018 Agent's Warrants was determined to be \$26,165 (Note 10), and the Company incurred other offering costs of \$93,541.

On June 6, 2018, 43,750 warrants to acquire 43,750 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$3,388 (\$CDN 4,375).

On May 28, 2018, 292,250 warrants to acquire 292,250 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$22,479 (\$CDN 29,225).

On May 7, 2018, 125,000 warrants to acquire 125,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$12,632 (\$CDN 16,250).

On May 7, 2018, 526,000 warrants to acquire 526,000 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$40,889 (\$CDN 52,600).

On April 4, 2018, 625,000 warrants to acquire 625,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$63,432 (\$CDN 81,250).

On March 29, 2018, 1,000,000 warrants to acquire 1,000,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$100,822 (\$CDN 130,000).

On March 28, 2018, 8,750 warrants to acquire 8,750 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$678 (\$CDN 875).

On March 15, 2018, 1,025,000 warrants to acquire 1,025,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$102,248 (\$CDN 133,250).

On March 14, 2018, 250,000 warrants to acquire 250,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$25,108 (\$CDN 32,500).

On March 8, 2018, 974,500 warrants to acquire 974,500 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$98,000 (\$CDN 126,685).

On February 20, 2018, 8,750 warrants to acquire 8,750 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$693 (\$CDN 875).

On February 20, 2018, 250,000 warrants to acquire 250,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$25,749 (\$CDN 32,500).

On February 16, 2018, 250,000 warrants to acquire 250,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$25,917 (\$CDN 32,500).

On February 13, 2018, 178,000 warrants to acquire 178,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$18,365 (\$CDN 23,140).

On January 29, 2018, 21,875 warrants to acquire 21,875 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$1,773 (\$CDN 2,188).

On January 22, 2018, 62,500 warrants to acquire 62,500 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$6,522 (\$CDN 8,125).

On January 15, 2018, 625,000 warrants to acquire 625,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$65,408 (\$CDN 81,250).

On January 8, 2018, 200,000 warrants to acquire 200,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$20,931 (\$CDN 26,000).

The Company incurred costs of \$1,128 related to the warrant exercises in the year ended October 31, 2018.

NOTE 9 – STOCK OPTIONS

The Company has two stock option plans, the 2010 Stock Option and Stock Bonus Plan, as amended (the “2010 Plan”) and the 2019 Stock Option and Stock Bonus Plan (the “2019 Plan”). Under each of the 2010 Plan and the 2019 Plan, the lesser of (i) 30,000,000 shares or (ii) 10% of the total shares outstanding are reserved for issuance upon the exercise of options or the grant of stock bonuses.

Options are typically granted with an exercise price equal to the closing market price of the Company’s stock at the date of grant, have a graded vesting schedule over approximately one to two years and have a contractual term of five years.

A summary of the range of assumptions used to value stock options granted for the years ended October 31, 2019 and 2018 are as follows:

| Options | Year Ended October 31, | |
|--------------------------|---------------------------|---------------|
| | 2019 | 2018 |
| Expected volatility | — | 40% – 87% |
| Risk-free interest rate | — | 1.94% – 2.60% |
| Dividend yield | — | — |
| Expected term (in years) | — | 2.50 – 5.00 |

No options were granted during the year ended October 31, 2019. During the year ended October 31, 2018, the Company granted options to acquire 350,000 shares of common stock with an exercise price of \$CDN 0.215 per share and 7,825,000 options to acquire shares of common stock with an exercise price of \$CDN 0.13 per share. No options were exercised during the years ended October 31, 2019 and 2018. The weighted-average grant-date fair value of the stock options granted was \$0.06 per share.

The following is a summary of stock option activity for the fiscal years ended October 31, 2019 and 2018:

| Options | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|---------------------------------|---------------|--|--|----------------------------------|
| Outstanding at October 31, 2017 | 12,794,286 | 0.16 | 2.98 | \$ 110,622 |
| Granted | 8,175,000 | 0.10 | | |
| Expired | (2,019,286) | 0.40 | | |
| Outstanding at October 31, 2018 | 18,950,000 | 0.11 | 3.48 | \$ 429,158 |
| Expired | (2,600,000) | 0.24 | | |
| Outstanding at October 31, 2019 | 16,350,000 | \$ 0.09 | 2.83 | \$ 46,448 |
| Exercisable at October 31, 2019 | 13,833,333 | \$ 0.09 | 2.64 | \$ 46,448 |

The Company recognized stock-based compensation costs for stock options of \$206,756 and \$245,629 for the fiscal years ended October 31, 2019 and 2018, respectively. As of October 31, 2019, there remains \$62,420 of total unrecognized compensation expense, which is expected to be recognized over a weighted average period of 0.46 years.

Summarized information about stock options outstanding and exercisable at October 31, 2019 is as follows:

| Options Outstanding | | | | Options Exercisable | |
|----------------------------|---------------------------|--|--|----------------------------|--|
| Exercise Price | Number Outstanding | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | Number Exercisable | Weighted Average Exercise Price |
| \$ 0.06 | 4,075,000 | 1.32 | \$ 0.06 | 4,075,000 | \$ 0.06 |
| 0.10 | 11,625,000 | 3.37 | 0.10 | 9,108,333 | 0.10 |
| 0.16 | 350,000 | 3.30 | 0.16 | 350,000 | 0.16 |
| 0.19 | 300,000 | 1.76 | 0.19 | 300,000 | 0.19 |
| <u>\$ 0.06 – 0.19</u> | <u>16,350,000</u> | <u>2.83</u> | <u>\$ 0.09</u> | <u>13,833,333</u> | <u>\$ 0.09</u> |

Stock options granted to consultants with a \$CDN exercise price are classified as a stock option liability on the Company's consolidated balance sheets upon vesting. The following is a summary of the Company's stock option liability at October 31, 2019 and October 31, 2018:

| | |
|--|-----------------|
| Stock option liability at October 31, 2017 | \$ 5,194 |
| Reclassification from additional paid-in capital | 28,111 |
| Change in fair value of stock option liability | (8,189) |
| Stock option liability at October 31, 2018 | \$ 25,116 |
| Reclassification from additional paid-in capital | 792 |
| Change in fair value of stock option liability | (21,105) |
| Stock option liability at October 31, 2019 | <u>\$ 4,803</u> |

NOTE 10 – WARRANTS

A summary of warrant activity for the fiscal years ended October 31, 2019 and 2018 is as follows:

| Warrants | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|--|--------------|------------------------------------|--|------------------------------|
| Outstanding at October 31, 2017 | 27,164,700 | \$ 0.10 | 1.70 | \$ 9,769 |
| Issued in the \$0.13 Unit private placement (Note 8) | 14,570,931 | \$ 0.16 | | |
| Agent's Warrants (Note 8) | 1,231,374 | \$ 0.14 | | |
| Expired | (200,400) | \$ 0.15 | | |
| Exercised | (6,466,375) | \$ 0.10 | | |
| Outstanding and exercisable at October 31, 2018 | 36,300,230 | \$ 0.13 | 1.16 | \$ 254,068 |
| Exercised | (1,460,000) | \$ 0.10 | | |
| Expired | (19,037,925) | \$ 0.10 | | |
| Outstanding and exercisable at October 31, 2019 | 15,802,305 | \$ 0.16 | 0.75 | \$ — |

During the year ended October 31, 2018, the Company issued 14,570,931 warrants with an exercise price of \$0.16 in connection with the \$0.13 Unit private placement and issued 1,231,374 compensation warrants to agents with an exercise price of \$0.14 (Note 8). The fair value of the 2018 Agent's Warrants was determined to be \$26,165 based on the Black-Scholes pricing model using a risk-free interest rate of 2.8% - 2.9%, expected volatility of 39% - 45%, a dividend yield of 0%, and a contractual term of two years.

Warrants exercised during the years ended October 31, 2019 and 2018 are discussed in Note 8.

The warrants exercised during the years end October 31, 2019 and 2018 had an intrinsic value of \$12,126 and \$447,185, respectively.

Summarized information about warrants outstanding and exercisable at October 31, 2019 is as follows:

| Warrants Outstanding and Exercisable | | | |
|--------------------------------------|-----------------------|---|------------------------------------|
| Exercise Price | Number Outstanding | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price |
| \$ 0.14 | 1,231,374 | 0.74 | \$ 0.14 |
| 0.16 | 14,570,931 | 0.75 | 0.16 |
| \$ 0.14 – 0.16 | 15,802,305 | 0.75 | \$ 0.16 |

The Company's warrants with a \$CDN exercise price have been recognized as a derivative liability. The following is a summary of the Company's warrant derivative liability at October 31, 2019 and October 31, 2018:

| | |
|--|------------|
| Warrant derivative liability at October 31, 2017 | \$ 341,717 |
| Change in fair value of warrant derivative liability | 510,968 |
| Reclassification to additional paid-in capital upon exercise of warrants | (447,185) |
| Warrant derivative liability at October 31, 2018 | \$ 405,500 |
| Change in fair value of warrant derivative liability | (393,374) |
| Reclassification to additional paid-in capital upon exercise of warrants | (12,126) |
| Warrant derivative liability at October 31, 2019 | \$ — |

As of October 31, 2019, all warrants with a \$CDN exercise price have expired.

NOTE 11 – TAX REFORM AND INCOME TAXES

Provision for Taxes

The Tax Act was signed into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. The Tax Act required the Company to use a statutory tax rate of 21% for the year ended October 31, 2019. The Tax Act required the Company to use a blended statutory tax rate of 23% for the year ended October 31, 2018.

The Company files a United States federal income tax return and a Canadian branch return on a fiscal year-end basis and files Mexican income tax returns for its three Mexican subsidiaries on a calendar year-end basis. The Company and two of its wholly-owned subsidiaries, Minera Metalin and Minas, have not generated taxable income since inception. Contratistas, another wholly-owned Mexican subsidiary, has historically generated taxable income based upon intercompany fees billed to Minera Metalin on the services it provides.

On April 16, 2010, a wholly-owned subsidiary of the Company was merged with and into Dome, resulting in Dome becoming a wholly-owned subsidiary of the Company. Dome, a Delaware corporation, files a tax return in the United States as part of the Company's consolidated tax return.

The components of loss before income taxes were as follows:

| | For the year ended October 31, | |
|--------------------------|-----------------------------------|-----------------------|
| | 2019 | 2018 |
| United States | \$ (1,155,000) | \$ (2,228,000) |
| Foreign | (2,778,000) | (1,288,000) |
| Loss before income taxes | <u>\$ (3,933,000)</u> | <u>\$ (3,516,000)</u> |

The components of the provision for income taxes are as follows:

| | For the year ended October 31, | |
|----------------------|-----------------------------------|-----------------|
| | 2019 | 2018 |
| Current tax expense | \$ 5,309 | \$ 3,718 |
| Deferred tax expense | — | — |
| | <u>\$ 5,309</u> | <u>\$ 3,718</u> |

The Company's provision for income taxes for the fiscal year ended October 31, 2019 consisted of a tax expense of \$5,309 related to a recovery for income taxes for Contratistas and a provision for income taxes for the Silver Bull Canadian branch return for the fiscal year ended October 31, 2019.

The reconciliation of the provision for income taxes computed at the U.S. statutory rate to the provision for income tax as shown in the statement of operations and comprehensive loss is as follows:

| | For the year ended October 31, | |
|---|-----------------------------------|-----------------|
| | 2019 | 2018 |
| Income tax benefit calculated at U.S. federal income tax rate | \$ (826,000) | \$ (808,000) |
| Differences arising from: | | |
| Other permanent differences | 81,000 | 207,000 |
| Differences due to foreign income tax rates | (244,000) | (81,000) |
| Adjustment to prior year taxes | (28,000) | 68,000 |
| Inflation adjustment foreign net operating loss | (258,000) | (375,000) |
| Foreign currency fluctuations | (344,000) | 417,000 |
| Decrease in valuation allowance | (403,000) | (4,810,000) |
| Re-measurement of deferred tax assets at 21% | — | 4,767,000 |
| Net operation loss carry forwards expiration - United States | 154,000 | 99,000 |
| Net operation loss carry forwards expiration - Mexico | 1,873,000 | 520,000 |
| Net income tax provision | <u>\$ 5,000</u> | <u>\$ 4,000</u> |

The components of the deferred tax assets at October 31, 2019 and 2018 were as follows:

| | October 31, | |
|--|--------------|--------------|
| | 2019 | 2018 |
| Deferred tax assets: | | |
| Net operating loss carry forwards – U.S. | \$ 7,359,000 | \$ 7,232,000 |
| Net capital loss carry forwards – U.S. | 62,000 | 62,000 |
| Net operating loss carry forwards – Mexico | 6,656,000 | 7,736,000 |
| Stock-based compensation – U.S. | 8,000 | 7,000 |
| Exploration costs | 830,000 | 295,000 |
| Other – United States | 30,000 | 26,000 |
| Other – Mexico | 29,000 | 19,000 |
| Total net deferred tax assets | 14,974,000 | 15,377,000 |
| Less: valuation allowance | (14,974,000) | (15,377,000) |
| Net deferred tax asset | \$ — | \$ — |

At October 31, 2019, the Company has U.S. net operating loss carry-forwards of approximately \$32 million that expire in the years 2020 through 2037 and \$3 million which will be carried forward indefinitely. The Company has U.S net capital loss carry-forwards of approximately \$0.3 million that expire in the year 2020. The Company has approximately \$22 million of net operating loss carry-forwards in Mexico that expire in the years 2020 through 2029.

The valuation allowance for deferred tax assets of \$15.0 and \$15.4 million at October 31, 2019 and 2018, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily net operating loss carry forwards in various tax jurisdictions. The Company continually assesses both positive and negative evidence to determine whether it is more likely than not that the deferred tax assets can be realized prior to their expiration. Based on the Company's assessment, it has determined that the deferred tax assets are not currently realizable.

Net Operating Loss Carry Forward Limitation

The Tax Reform Act of 1986 contains provisions that limit the utilization of net operating loss and tax credit carry forwards if there has been a change in ownership as described in Section 382 of the Internal Revenue Code. As a result of the Dome merger in April 2010, substantial changes in the Company's ownership have occurred that may limit or reduce the amount of net operating loss carry forwards that the Company could utilize in the future to offset taxable income. The Company has not completed a detailed Section 382 study at this time to determine what impact, if any, that ownership change may have had on its operating loss carry forwards. In each period since its inception, the Company has recorded a valuation allowance for the full amount of its deferred tax assets, as the realization of the deferred tax asset is uncertain. As a result, the Company has not recognized any federal or state income tax benefit in its consolidated statement of operations and comprehensive loss.

Accounting for Uncertainty in Income Taxes

During the fiscal years ended October 31, 2019 and 2018, the Company has not identified any unrecognized tax benefits or had any additions or reductions in tax positions and therefore a reconciliation of the beginning and ending amount of unrecognized tax benefits is not presented.

The Company does not have any unrecognized tax benefits as of October 31, 2019, and accordingly the Company's effective tax rate will not be materially affected by unrecognized tax benefits.

The following tax years remain open to examination by the Company's principal tax jurisdictions:

| | |
|----------------|------------------------------|
| United States: | 2015 and all following years |
| Mexico: | 2014 and all following years |
| Canada: | 2015 and all following years |

The Company has not identified any uncertain tax position for which it is reasonably possible that the total amount of unrecognized tax benefit will significantly increase or decrease within the next 12 months.

The Company's policy is to classify tax related interest and penalties as income tax expense. There is no interest or penalties estimated on the underpayment of income taxes as a result of unrecognized tax benefits.

NOTE 12 – FINANCIAL INSTRUMENTS

Fair Value Measurements

All financial assets and financial liabilities are recorded at fair value on initial recognition. Transaction costs are expensed when they are incurred, unless they are directly attributable to the acquisition of financial assets or the assumption of liabilities carried at amortized cost, in which case the transaction costs adjust the carrying amount.

The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Under fair value accounting, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's financial instruments consist of cash and cash equivalents, accounts payable, stock option liability and warrant derivative liability.

The carrying amounts of cash and cash equivalents and accounts payable approximate fair value at October 31, 2019 and 2018 due to the short maturities of these financial instruments.

Derivative liability

The Company classifies warrants with a \$CDN exercise price on its consolidated balance sheets as a derivative liability that is fair valued at each reporting period subsequent to the initial issuance as the functional currency of Silver Bull is the U.S. dollar. The Company has used the Black-Scholes pricing model to determine the fair value of the warrants that do not have an acceleration feature and has used the Monte Carlo valuation model to determine the fair value of the warrants that do have an acceleration feature (Note 10). Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility adjusted to reflect the implicit discount to historical volatilities observed in the prices of traded warrants. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend yield is expected to be none as the Company has not paid dividends nor does the Company anticipate paying a dividend in the foreseeable future.

The Company reclassifies stock options granted to consultants with a \$CDN exercise price on its consolidated balance sheets upon vesting as a stock option liability that is fair valued at each reporting period subsequent to reclassification as the functional currency of Silver Bull is the U.S. dollar. The Company has used the Black-Scholes pricing model to fair value these stock options. Determining the appropriate fair-value model and calculating the fair value of these stock options requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of reclassification, and at each subsequent reporting period, is based on the historical volatility of the Company's common stock and adjusted if future volatility is expected to vary from historical experience. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the options at the valuation date. The expected life of the options is based upon historical and expected future exercise behavior. The dividend yield is expected to be none as the Company has not paid dividends nor does the Company anticipate paying any dividend in the foreseeable future.

The derivatives warrants are not traded in an active market and the fair value is determined using valuation techniques. The estimates may be significantly different from those recorded in the consolidated financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in the fair value are recorded in the consolidated statement of operations and comprehensive loss each reporting period. These are considered to be a Level 3 financial instrument. As of October 31, 2019, all warrants with a \$CDN exercise price have expired.

The Company has the following liabilities under the fair value hierarchy:

| Liability | October 31, 2019 | | |
|------------------------|------------------|---------|----------|
| | Level 1 | Level 2 | Level 3 |
| Stock option liability | \$ — | \$ — | \$ 4,803 |

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. To mitigate exposure to credit risk on financial assets, the Company has established policies to ensure liquidity of funds and ensure that counterparties demonstrate minimum acceptable credit worthiness.

The Company maintains its U.S. dollar and \$CDN cash and cash equivalents in bank and demand deposit accounts with major financial institutions with high credit standings. Cash deposits held in Canada are insured by the Canada Deposit Insurance Corporation (“CDIC”) for up to \$CDN 100,000. Certain Canadian bank accounts held by the Company exceed these federally insured limits or are uninsured as they related to U.S. dollar deposits held in Canadian financial institutions. As of October 31, 2019 and 2018, the Company’s cash and cash equivalent balances held in Canadian financial institutions included \$1,296,115 and \$2,919,461, respectively, which was not insured by the CDIC. The Company has not experienced any losses on such accounts and management believes that using major financial institutions with high credit ratings mitigates the credit risk in cash and cash equivalents.

The Company also maintains cash in bank accounts in Mexico. These accounts are denominated in the local currency and are considered uninsured. As of October 31, 2019 and 2018, the U.S. dollar equivalent balance for these accounts was \$62,024 and \$32,668, respectively.

Interest Rate Risk

The Company holds substantially all of the Company’s cash and cash equivalents in bank and demand deposit accounts with major financial institutions. The interest rates received on these balances may fluctuate with changes in economic conditions. Based on the average cash and cash equivalent balances during the fiscal year ended October 31, 2019, a 1% decrease in interest rates would have resulted in a reduction in interest income for the period of approximately \$15,326.

Foreign Currency Exchange Risk

The Company is not subject to any material market risk related to foreign currency exchange rate fluctuations.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Compliance with Environmental Regulations

The Company's exploration activities are subject to laws and regulations controlling not only the exploration and mining of mineral properties, but also the effect of such activities on the environment. Compliance with such laws and regulations may necessitate additional capital outlays or affect the economics of a project, and cause changes or delays in the Company's activities.

Property Concessions Mexico

To properly maintain property concessions in Mexico, the Company is required to pay a semi-annual fee to the Mexican government and complete annual assessment work.

Royalty

The Company has agreed to pay a 2% net smelter return royalty on certain property concessions within the Sierra Mojada Property based on the revenue generated from production. Total payments under this royalty are limited to \$6.875 million (the "Royalty"). To date, no royalties have been paid.

Litigation and Claims

On May 20, 2014, Mineros Norteños filed an action in the Local First Civil Court in the District of Morelos, State of Chihuahua, Mexico, against the Company's subsidiary, Minera Metalin, claiming that Minera Metalin breached an agreement regarding the development of the Sierra Mojada Property. Mineros Norteños sought payment of the Royalty, including interest at a rate of 6% per annum since August 30, 2004, even though no revenue has been produced from the applicable mining concessions. It also sought payment of wages to the cooperative's members since August 30, 2004, even though none of the individuals were hired or performed work for Minera Metalin under this agreement and Minera Metalin did not commit to hiring them. On January 19, 2015, the case was moved to the Third District Court (of federal jurisdiction). On October 4, 2017, the court ruled that Mineros Norteños was time barred from bringing the case. On October 19, 2017, Mineros Norteños appealed this ruling. On July 31, 2019, the federal appeals court upheld the original ruling. This ruling has been subsequently challenged by Mineros Norteños. The Company and the Company's Mexican legal counsel believe that it is unlikely that the court's ruling will be overturned. The Company has not accrued any amounts in its consolidated financial statements with respect to this claim.

From time to time, the Company is involved in other disputes, claims, proceedings and legal actions arising in the ordinary course of business. The Company intends to vigorously defend all claims against the Company, and pursue its full legal rights in cases where the Company has been harmed. Although the ultimate outcome of these proceedings cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no other currently pending or overtly threatened proceeding is expected to have a material adverse effect on the Company's business, financial condition or results of operations.

NOTE 14 – SEGMENT INFORMATION

The Company operates in a single reportable segment: the exploration of mineral property interests. The Company has mineral property interests in Sierra Mojada, Mexico.

Geographic information is approximately as follows:

| | For the Year Ended October 31, | |
|----------|---|-----------------------|
| | 2019 | 2018 |
| Net loss | | |
| Mexico | \$ (2,784,000) | \$ (1,292,000) |
| Canada | (1,155,000) | (2,228,000) |
| Net Loss | <u>\$ (3,939,000)</u> | <u>\$ (3,520,000)</u> |

The following table details allocation of assets included in the accompanying consolidated balance sheets at October 31, 2019:

| | Canada | Mexico | Total |
|----------------------------------|---------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,370,000 | \$ 62,000 | \$ 1,432,000 |
| Value-added tax receivable, net | — | 256,000 | 256,000 |
| Other receivables | 4,000 | 5,000 | 9,000 |
| Prepaid expenses and deposits | 103,000 | 102,000 | 205,000 |
| Office and mining equipment, net | — | 226,000 | 226,000 |
| Property concessions | — | 5,020,000 | 5,020,000 |
| Goodwill | — | 2,058,000 | 2,058,000 |
| | <u>\$ 1,477,000</u> | <u>\$ 7,729,000</u> | <u>\$ 9,206,000</u> |

The following table details the allocation of assets included in the accompanying consolidated balance sheet at October 31, 2018:

| | Canada | Mexico | Total |
|----------------------------------|---------------------|---------------------|----------------------|
| Cash and cash equivalents | \$ 2,993,000 | \$ 33,000 | \$ 3,026,000 |
| Value-added tax receivable, net | — | 175,000 | 175,000 |
| Other receivables | 11,000 | 1,000 | 12,000 |
| Prepaid expenses and deposits | 226,000 | 11,000 | 237,000 |
| Office and mining equipment, net | — | 202,000 | 202,000 |
| Property concessions | — | 5,020,000 | 5,020,000 |
| Goodwill | — | 2,058,000 | 2,058,000 |
| | <u>\$ 3,230,000</u> | <u>\$ 7,500,000</u> | <u>\$ 10,730,000</u> |

The Company has significant assets in Coahuila, Mexico. Although Mexico is generally considered economically stable, it is always possible that unanticipated events in Mexico could disrupt the Company's operations. The Mexican government does not require foreign entities to maintain cash reserves in Mexico.

DESCRIPTION OF CAPITAL STOCK

The following is a description of each class of securities of Silver Bull Resources, Inc. (“Silver Bull” or the “Company”) that is registered under Section 12 of the Securities Exchange Act of 1934, as amended, and does not purport to be complete. For a complete description of the terms and provisions of such securities, refer to the Company’s restated articles of incorporation, as amended, and the Company’s amended and restated bylaws, which are incorporated herein by reference to Exhibit 3.1.1 to the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on January 14, 2011, Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the SEC on April 26, 2011, and Exhibit 3.1.2 to the Company’s Annual Report on Form 10-K filed with the SEC on January 14, 2011, respectively. This summary is qualified in its entirety by reference to these documents.

Silver Bull’s restated articles of incorporation, as amended, authorizes Silver Bull to issue 300,000,000 shares of common stock, \$0.01 par value per share. As of January 13, 2020, 236,328,214 shares of Silver Bull common stock were issued and outstanding. The rights of the holders of Silver Bull common stock are governed by Chapter 78 of the Nevada Revised Statutes, Silver Bull’s restated articles of incorporation, as amended, and Silver Bull’s amended and restated bylaws.

Common Stock*Dividend Rights*

Holders of Silver Bull common stock will be entitled to receive dividends when, as and if declared by the Company’s board of directors, and out of funds legally available for their payment. At the present time, the Company does not anticipate paying dividends, cash or otherwise, on Silver Bull common stock in the foreseeable future. Future dividends will depend on the Company’s earnings, if any, the Company’s financial requirements and other factors.

Redemption Rights

Silver Bull common stock is not redeemable or convertible.

Voting Rights

Each holder of Silver Bull common stock is entitled to one vote per share, and all voting rights are vested in the holders of shares of Silver Bull common stock. Holders of shares of common stock will have noncumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of directors will be able to elect 100% of the directors, and the holders of the remaining shares voting for the election of directors will not be able to elect any directors.

Election of Directors

The Company’s directors are elected by a majority vote in a meeting at which a quorum is present. A director candidate that receives a majority of the votes in favor of such candidate will be elected to serve on the Company’s board of directors.

In February 2016, the Company’s board of directors adopted a majority voting policy stipulating that stockholders shall be entitled to vote in favor of, or withhold from voting for, each individual director nominee at a stockholders’ meeting. If the number of shares “withheld” for any nominee exceeds the number of shares voted “for” such nominee, then, notwithstanding that such director was duly elected as a matter of corporate law, he or she shall tender his or her written resignation to the chair of the board. The Corporate Governance and Nominating Committee will consider such offer of resignation and will make a recommendation to the board of directors concerning the acceptance or rejection of the resignation after considering, among other things, the stated reasons, if any, why certain stockholders “withheld” votes for the director, the qualifications of the director and whether the director’s resignation from the board would be in the best interests of the Company. The board of directors must take formal action on the Corporate Governance and Nominating Committee’s recommendation within 90 days and announce its decision by a press release. According to the majority voting policy, the affected director cannot participate in the deliberations of the Corporate Governance and Nominating Committee or the board of directors regarding his or her resignation. The majority voting policy applies only in circumstances involving an uncontested election of directors, meaning an election in which the number of nominees is equal to the number of directors to be elected.

Liquidation Rights

In the event of the Company's voluntary or involuntary liquidation, dissolution or winding up, the holders of Silver Bull common stock will be entitled to share equally in any of Silver Bull's assets available for distribution after the payment in full of all debts and distributions.

No Preemptive or Similar Rights

Under Nevada law, a stockholder of a corporation does not have a preemptive right to acquire the corporation's unissued shares unless there is a provision to the contrary in the articles of incorporation. The Company's restated articles of incorporation, as amended, do not provide the Company's stockholders with any preemptive or similar rights.

Transfer Agent

The transfer agent and registrar for Silver Bull common stock is Corporate Stock Transfer, Inc., located at 3200 Cherry Creek Drive South, Suite 430, Denver, Colorado 80209.

Warrants

As of October 31, 2019, the Company had warrants outstanding to purchase 15,802,305 shares of Silver Bull common stock as follows:

- Warrants to purchase 10,888,154 shares at \$0.16 per share, exercisable on July 25, 2018 and expiring on July 25, 2020;
- Warrants to purchase 1,011,374 shares at \$0.14 per share, exercisable on July 25, 2018 and expiring on July 25, 2020;
- Warrants to purchase 3,682,777 shares at \$0.16 per share, exercisable on August 20, 2018 and expiring on August 20, 2020; and
- Warrants to purchase 220,000 shares at \$0.14 per share, exercisable on August 20, 2018 and expiring on August 20, 2020.

The number of shares of Silver Bull common stock to be received upon the exercise of each warrant may be adjusted from time to time upon the occurrence of certain events, including but not limited to (i) a declaration of a dividend or other distribution in respect of Silver Bull common stock; (ii) a subdivision, redivision or change to the outstanding shares of Silver Bull common stock into a greater number of shares of Silver Bull common stock; (iii) a reduction, combination or consolidation of Silver Bull common stock into a lesser number of shares of Silver Bull common stock; (iv) a rights offering to subscribe for or purchase Silver Bull common stock or securities convertible into or exchangeable for Silver Bull common stock; and (v) a reorganization, reclassification, consolidation, amalgamation, arrangement or merger of the Company with or into any other corporation or entity, or a sale, lease, exchange or transfer of substantially all of the undertaking of assets of the Company, or similar event.

Anti-Takeover Provisions in the Company's Restated Articles of Incorporation, as Amended, and Amended and Restated Bylaws

The Company's restated articles of incorporation, as amended, and amended and restated bylaws also contain provisions that the Company describes in the following paragraphs, which may delay, defer, discourage, or prevent a change in control of the Company, the removal of the Company's existing management or directors, or an offer by a potential acquirer to the Company's stockholders, including an offer by a potential acquirer at a price higher than the market price for the stockholders' shares.

Among other things, Silver Bull's restated articles of incorporation, as amended, and amended and restated bylaws:

- provide that vacancies on the board of directors may be filled by the vote of a two-thirds (2/3) majority of the directors then in office or in the case of a vacancy by resignation or death, by the majority of directors then in office;
-

- establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of the Company's stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to the Company's corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at the Company's principal executive offices not less than 120 days prior to the first anniversary of the prior year's annual meeting (or, in the case of a special meeting, a reasonable time before the Company begins to print and send its proxy materials). The Company's amended and restated bylaws specify the information that must be included in a stockholder's notice. These requirements may prevent stockholders from bringing matters before the stockholders at an annual or special meeting;
 - provide that stockholders may not act by written consent in lieu of a meeting;
 - provide that stockholders are not permitted to call special meetings of stockholders. Only the board of directors, by a two-thirds (2/3) majority vote, and the Company's president are permitted to call a special meeting of stockholders; and
 - provide that the Company's board of directors, by a two-thirds (2/3) majority vote, may amend or repeal the Company's bylaws without further stockholder approval unless otherwise required by law, and provide that a stockholder amendment to the bylaws requires a favorable vote of sixty-six and two-thirds percent (66 2/3%) of the Company's outstanding voting shares then entitled to vote at an election of directors.
-

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (hereinafter the "Agreement") is made as of the ___ day of _____, 20__ by and between Silver Bull Resources, Inc., a Nevada corporation, (hereinafter the "Company") and _____ (hereinafter the "Indemnitee").

WHEREAS, competent and experienced persons often are reluctant to serve as directors or officers of corporations unless they are protected by comprehensive policies of insurance and/or indemnification, due to the number of lawsuits against such corporations and their directors and officers, the attendant expense of defending against such lawsuits, and the exposure of such directors and officers to unreasonably high damages;

WHEREAS, present laws and interpretations are not always sufficiently certain to provide such directors and officers with adequate, reliable knowledge of the legal risks to which they might be exposed as a result of serving a corporation;

WHEREAS, the Company has concluded that protecting its directors and officers against such risks helps to attract the most capable persons to such positions;

WHEREAS, the Company desires to have Indemnitee serve or continue to serve as a director or officer of the Company free from undue concern for damages by reason of Indemnitee being a director or officer of the Company or by reason of his decisions or actions on its behalf, and Indemnitee is willing to serve or to continue to serve in one or more of such capacities only if he is furnished the indemnity provided for hereinafter; and

WHEREAS, to induce Indemnitee to serve or continue to serve as a director or officer of the Company, the Company has determined to grant to Indemnitee, as permitted by Sections 78.7502 and 78.751 of the Nevada Revised Statutes (hereinafter, the "NRS"), rights to indemnification and advancement of Expenses as provided herein, whether or not expressly provided in the Articles of Incorporation or the Bylaws of the Company.

NOW, THEREFORE, in consideration of Indemnitee's service as a director or officer of the Company after the date hereof, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Indemnification.

(a) The Company shall hold harmless and indemnify Indemnitee, to the fullest extent permitted by the laws of the State of Nevada in effect on the date hereof, or as such laws may be amended to increase the scope of such permitted indemnifications against any and all Losses actually and reasonably incurred by Indemnitee in connection with any threatened, pending or completed action, suit, alternative dispute resolution mechanism or proceeding, whether civil, criminal, administrative or investigative, to which Indemnitee was or is a party or is threatened to be made a party by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise (hereinafter, a "Proceeding"). "Losses" shall mean any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), amounts paid or payable in settlement, including any interest, assessments, and all other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Proceeding. Notwithstanding the foregoing, the Company shall not be required to indemnify Indemnitee in connection with any Proceeding (or part thereof) initiated by Indemnitee (excluding compulsory counterclaims and affirmative defenses) unless: (i) such indemnification is expressly required to be made by law, (ii) the Proceeding was authorized by a majority of the Company's disinterested directors, whether or not such directors constitute a quorum, or (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the NRS. If a determination with respect to Indemnitee's entitlement to indemnification hereunder is required by applicable law, such determination shall be made, if Indemnitee so requests, by independent legal counsel selected by the Company and reasonably acceptable to Indemnitee.

(b) Indemnitee shall provide written notice (a “*Claim Notice*”) to the Company promptly after receiving notice of any Proceeding initiated by a third party that may give rise to a claim for indemnification hereunder; *provided, however*, that a failure to provide such notice shall not relieve the Company of its obligations hereunder except to the extent it is materially prejudiced thereby. Following its receipt of the Claim Notice, the Company shall be entitled to assume the defense of such Proceeding with counsel approved by Indemnitee, which approval shall not be unreasonably conditioned, withheld, or delayed, upon the delivery to Indemnitee of written notice of its election to do so within 30 days of its receipt of the Claim Notice. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding; *provided* that (i) Indemnitee shall have the right to employ Indemnitee’s counsel in any such Proceeding at Indemnitee’s expense and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by a majority of the Company’s disinterested directors, (B) Indemnitee shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not continue to retain such counsel to defend such Proceeding, then the fees and expenses of Indemnitee’s counsel shall be at the expense of the Company.

(c) If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Losses actually and reasonably incurred by Indemnitee in a Proceeding, but not, however, for the total amount thereof, the Company shall indemnify Indemnitee for the portion of such Losses to which Indemnitee is entitled.

Section 2. Advancement of Expenses.

(a) Expenses (including attorneys’ fees) incurred by Indemnitee in defending a Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding upon receipt of an undertaking (hereinafter, an “*Undertaking*”) by or on behalf of Indemnitee to repay such amount if, and to the extent, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company by a final judicial decision from which there is no further right to appeal. “*Expenses*” means any and all expenses, including attorneys’ and experts’ fees, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Proceeding. No security shall be required in connection with any Undertaking and any Undertaking shall be accepted without reference to Indemnitee’s ability to repay.

(b) Notwithstanding any provision to the contrary in Section 2(a) above, the Company shall not be required to advance such Expenses to Indemnitee in connection with any Proceeding (or part thereof) initiated by Indemnitee (excluding compulsory counterclaims and affirmative defenses) unless: (i) such indemnification is expressly required to be made by law, (ii) the Proceeding was authorized by a majority of the Company’s disinterested directors, whether or not such directors constitute a quorum, or (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the NRS.

Section 3. Right of Indemnitee to Enforce Indemnification and Advancement Obligations; Presumptions.

(a) If a claim under Section 1 of this Agreement is not paid in full by the Company within 45 days after a written claim for indemnification has been received by the Company or a claim under Section 2 of this Agreement is not paid in full by the Company within 30 days after a written claim for advancement of Expenses has been received by the Company, Indemnitee shall be entitled at any time thereafter to bring suit against the Company to recover the unpaid amount of any such claim, provided in each case that the written claim satisfies any applicable requirements under the NRS and the Company’s Articles of Incorporation. If successful in whole or in part in any such suit, or in a suit brought by the Company seeking to recover a prior advancement of Expenses to Indemnitee, Indemnitee shall be entitled additionally to be paid, and to seek as an award in connection with any such suit, the cost and Expenses (including attorneys’ fees) incurred by Indemnitee in prosecuting or defending such suit.

(b) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 3 of this Agreement, and the Company shall have the burden of proof in overcoming such presumption by clear and convincing evidence. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of the suit as to whether indemnification of Indemnitee is proper in the circumstances because the Indemnitee has met any applicable standard of conduct set forth in Nevada law, nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its stockholders) that Indemnitee has not met any such applicable standard of conduct, shall be a defense to the suit or create a presumption for purposes of such suit that the Indemnitee has not met any applicable standard of conduct.

(c) If the person, persons or entity empowered or selected to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 30 days after receipt by the Company therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; *provided, however*, that such 30-day period may be extended for a reasonable time, not to exceed an additional 15 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

Section 4. Settlement. The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid by or on behalf of Indemnitee in settlement of any action, suit or proceeding effected without the Company's prior written consent. The Company shall not settle any claim in any manner that would impose any fine, penalty, obligation or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold their consent to any proposed settlement.

Section 5. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Articles of Incorporation or Bylaws, the NRS, any other contract or otherwise (collectively, "**Other Indemnity Provisions**"); *provided, however*, that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder.

Section 6. Liability Insurance. For the duration of Indemnitee's service as a director or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Proceeding, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance.

Section 7. Consideration. The Company expressly confirms and agrees that it has entered into this Agreement and has assumed the obligations imposed on the Company hereby in order to induce Indemnitee to continue as a director or officer of the Company, and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

Section 8. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

Section 9. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, Articles of Incorporation or Bylaws or otherwise of the amounts otherwise indemnifiable by the Company hereunder.

Section 10. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by a court of competent jurisdiction to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

Section 11. Governing of Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Nevada applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws.

Section 12. Consent to Jurisdiction. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Nevada court and not in any other state or federal court in the United States or provincial or federal court in Canada, (b) consent to submit to the exclusive jurisdiction of the Nevada court for purposes of any action or proceeding arising out of or in connection with this Agreement, (c) appoint, to the extent such party is not otherwise subject to service of process in the State of Nevada, Laughlin Associates, Inc., 9120 Double Diamond Parkway, Reno, Nevada 89521 as its agent in the State of Nevada for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Nevada and (d) waive, and agree not to plead or make, any claim that the Nevada court lacks venue or that any such action or proceeding brought in the Nevada court has been brought in an improper or inconvenient forum.

Section 13. Binding Effect; Successors and Assigns. This Agreement shall be binding upon Indemnitee and upon the Company, its successors and assigns. The rights conferred by this Agreement shall continue after Indemnitee has ceased to be a director or officer and shall inure to the benefit of Indemnitee, Indemnitee's heirs, personal representatives and assigns and to the benefit of the Company, its successors and assigns.

Section 14. Amendment. No amendment, modification, termination or cancellation of this Agreement shall be effective unless made in writing signed by both of the parties hereto.

Section 15. Notices. Any notice or other communication required or permitted to be given or made to the Company or Indemnitee pursuant to this Agreement shall be in writing, and shall be addressed if to Indemnitee, at Indemnitee's address as set forth in the Company's records and if to the Company, at the address of its principal corporate offices or at such other address as a party may designate by written notice to the other party hereto.

Section 16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

Section 17. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director or officer of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of another entity) and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Proceeding (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his or her rights under this Agreement, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Proceeding.

IN WITNESS WHEREOF, the Company and Indemnitee have executed this Agreement on and as of the day and year first above written.

SILVER BULL RESOURCES, INC.

By: _____

[INDEMNITEE'S NAME]

SUBSIDIARIES OF THE REGISTRANT

We currently conduct our operations through subsidiaries. The names and ownership structure of our subsidiaries as of January 13, 2020 are set forth in the chart below:

| Name | Jurisdiction of Incorporation or Organization | Ownership Percentage |
|--|--|--|
| Metalline, Inc. (“Metalline”) | Colorado, USA | 100% by Silver Bull |
| Contratistas de Sierra Mojada S.A. de C.V. (“Contratistas”) | Mexico | 98% by Silver Bull and 2% by Metalline (1) |
| Minera Metalin S.A. de C.V. (“Minera Metalin”) | Mexico | 99.998% by Silver Bull and 0.002% by Metalline (1) |
| Minas de Coahuila SBR S.A. de C.V. | Mexico | 99.998% by Minera Metalin and 0.002% by Contratistas |
| Dome Ventures Corporation (“Dome”) | Delaware, USA | 100% by Silver Bull |
| Dome Asia Inc. | British Virgin Islands | 100% by Dome |
| Dome Minerals Nigeria Limited | Nigeria | 99.99% by Dome Asia Inc. |

(1) Pursuant to that certain earn-in option agreement (the “Option Agreement”), dated June 1, 2018, and amended effective as of March 20, 2019, among the Company, Minera Metalin, Contratistas, and South32 International Investment Holdings Pty Ltd (“South32”), a wholly owned subsidiary of South32 Limited (ASX/JSE/LSE: S32), South32 is able to obtain an option to purchase 70% of the equity of Minera Metalin and Contratistas (the “Option”), and oversee the mineral exploration of Minera Metalin’s Sierra Mojada property located in Coahuila, Mexico (the “Sierra Mojada Project”). The Option Agreement provides that, upon the terms and subject to the conditions set forth in the Option Agreement, in order for South32 to maintain its Option, South32 must contribute to Minera Metalin a minimum of \$10 million in tranches over the first four years of the Option for the Sierra Mojada Project funding (the “Initial Funding”). South32 may exercise the Option at any time by contributing \$100 million to Minera Metalin (the “Subscription Payment”), less the amount of Initial Funding previously contributed by South32. Once the full amount of the Subscription Payment is advanced by South32 and the Option is exercised, the Company and South32 will be obligated to contribute funding to Minera Metalin on a 30/70 pro rata basis. If South32 elects not to continue with the Sierra Mojada Project during the four-year option period, the Sierra Mojada Project will remain 100% owned by the Company. The exploration program will be initially managed by the Company.

**CERTIFICATION OF CEO PURSUANT TO EXCHANGE ACT RULES 13a-14 AND 15d-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Barry, certify that:

1. I have reviewed this Annual Report on Form 10-K of Silver Bull Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 13, 2020

By: /s/ Timothy Barry
Timothy Barry, President and Chief Executive Officer
(Principle Executive Officer)

**CERTIFICATION OF CFO PURSUANT TO EXCHANGE ACT RULES 13a-14 AND 15d-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Fallis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Silver Bull Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 13, 2020

By: /s/ Sean Fallis
Sean Fallis, Chief Financial Officer
(Principal Accounting and Financial Officer)

**CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Silver Bull Resources, Inc. (the "Company") does hereby certify with respect to the Annual Report of the Company on Form 10-K for the period ended October 31, 2019 (the "Report") that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 13, 2020

By: /s/ Timothy Barry
Timothy Barry, President and Chief Executive Officer
(Principle Executive Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code). It shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78r) or otherwise subject to the liability of that section. It shall also not be deemed incorporated by reference into any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference.

**CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Silver Bull Resources, Inc. (the "Company") does hereby certify with respect to the Annual Report of the Company on Form 10-K for the period ended October 31, 2019 (the "Report") that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 13, 2020

By: /s/ Sean Fallis
Chief Financial Officer
(Principal Accounting and Financial Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code). It shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78r) or otherwise subject to the liability of that section. It shall also not be deemed incorporated by reference into any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference.